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BURNS CREEK PROJECT, IDAHO

HEARINGS

BEFORE THE

SUBCOMMITTEE ON IRRIGATION AND RECLAMATION

OF THE

House COMMITTEE ON

INTERIOR AND INSULAR AFFAIRS

EIGHTY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 1235 and S. 281

TO AUTHORIZE THE SECRETARY OF THE INTERIOR TO CONSTRUCT, OPERATE, AND MAINTAIN A REREGULATING RESERVOIR AND OTHER WORKS AT THE BURNS CREEK SITE IN THE UPPER SNAKE RIVER VALLEY, IDAHO, AND FOR OTHER PURPOSES

AUGUST 27 AND 28, 1959
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BURNS CREEK PROJECT, IDAHO

THURSDAY, AUGUST 27, 1959

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 9:45 a.m., room 1324, New House Office Building, the Honorable Walter Rogers (chairman) presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for the consideration of H.R. 1235 and S. 281.

These bills are to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek development on the Snake River 30 miles downstream from the existing Palisades Dam of the Bureau of Reclamation.

This legislation is not new to the committee. The committee spent 4 days on this in the 85th Congress but took no final action.

Burns Creek would be a multiple-purpose project which would be connected electrically and hydraulically with the Palisades project.

The primary purpose would be reregulation from the Palisades Reservoir and, therefore, permit more efficient use of the Palisades project. In addition, 100,000 acre-feet of capacity would be available for long-term irrigation storage and this would provide insurance water to be used during periods of extreme drought to benefit the entire Palisades area.

The proposed development also includes an additional 90,000 kilowatt powerplant and the estimated cost of development is $45.4 million and except for $49,000 allocated to recreation, the entire cost of the Burns Creek development is allocated to power and irrigation.

The Department of Interior and the Bureau of the Budget have reported favorably on the legislation and these reports, together with the House bill and the Senate bill and Senate report thereon, will be placed in the recor dat this point.

(The documents follow:)

[H.R. 1235, 86th Cong., 1st sess.]

A BILL To authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to assist in the irrigation of arid and semiarid lands in the upper Snake River Valley, Idaho, to provide facilities for river regulation and the control of floods, to utilize the hydroelectric power opportunities created thereby, and, as incidents to the foregoing purposes, to enhance recreational opportunities and provide for the preservation and propagation of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain a reregulating reservoir, powerplant, and related facilities at or near the Burns Creek site below Palisades Dam on the Snake River, the reservoir and powerplant to be substantially in accordance with

the report of the Secretary of the Interior entitled "Burns Creek Dam, Powerplant, and Reservoir" dated February 26, 1957. In so doing the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof and supplementary thereto). The works, including the reservoir, powerplant, and related facilities herein authorized shall be considered as features of the Palisades Dam and Reservoir project (Act of September 30, 1950, 64 Stat. 1083) and shall be integrated therewith financially and operationally.

SEC. 2. The irrigation storage capacity in Burns Creek Reservoir shall be reserved for subscription by organizations which have storage rights in Palisades Reservoir (the term "storage rights" being used in the same sense as in the storage contracts heretofore entered into by the Secretary of the Interior with respect to Palisades Reservoir) whether or not under contract before the date of this Act. And the Secretary may contract with any such organization on the basis of operating plans which, in accordance with contracts heretofore entered into between the United States and subscribers to Palisades capacity, treat the conservation capacity as having a priority equal to that of the irrigation capacity in Palisades Reservoir. Any Burns Creek irrigation storage capacity which is not so subscribed within six months from the time when funds are first made available for starting construction of the Burns Creek development shall then be made available for use in accordance with the Federal reclamation laws.

SEC. 3. (a) The Secretary is authorized, in connection with the Burns Creek development, to construct minimum basic public recreational facilities and to arrange for the operation and maintenance of the same by an appropriate Federal, State, or local organization or agency.

(b) The Secretary may make such reasonable provision in the works of the Burns Creek development as, upon further study in accordance with section 2 of the Act of August 14, 1946 (60 Stat. 1080, 16 U. S. C. 662), he finds to be required for the preservation and propagation of fish and wildlife. An appropriate portion of the cost of the development shall be allocated as provided in said Act, and it, together with the portion of the construction cost allocated to recreation and the operation and maintenance costs allocated to these functions, shall be nonreimbursable and nonreturnable under the reclamation laws.

(c) So far as the Secretary finds the same to be consistent with safety and with efficient operation for the primary purposes of the development, Burns Creek Reservoir and lands adjacent thereto which are now owned or hereafter acquired by the United States shall be open to free public use of lawful hunting and fishing purposes, and free access thereto for those purposes shall be assured.

(d) During times when releases for other purposes are less than one thousand cubic feet per second, a release of this amount from Burns Creek Reservoir shall nevertheless be maintained for the benefit of downstream fishlife, but this release may be reduced for brief temporary periods by the Secretary whenever he may find that maintenance thereof is harmful to the primary purposes of the project.

SEC. 4. (a) To assist in the construction of the works authorized by section 1 of this Act, the Secretary may, notwithstanding the last sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), construct all necessary facilities to deliver power to the site of said works. The power-generating and transmission facilities authorized to be constructed by section 1 of this Act shall be subject to the second sentence of section 2 of said Act of September 30, 1950, and shall, to the greatest possible extent consistent with existing contractual obligations, be operated in conjunction with and connected to the facilities covered by such second sentence to the end of producing and marketing the greatest amount of power and energy. Nothing contained in this Act shall be construed to affect adversely the application in aid of irrigation, under sections 2(b), 3(a), and 5 of the Act of August 31, 1954 (68 Stat. 1026), of net power revenues received from the Palisades Reservoir and developments combined therewith for payout purposes under said Act of September 30, 1950.

(b) The Secretary is authorized to amend contracts heretofore made under the Acts of September 30, 1950, supra, and of August 31, 1954, supra, whereby the water users assumed an obligation for winter power replacement based on the winter water savings program at the Minidoka powerplant to relieve the contractors ratably by one-third of that obligation, and to make new contracts under these Acts on a like basis. To the extent such annual obligations are reduced, the cost thereof shall be included in the costs to be absorbed by the power operations of the Palisades project.

(c) The actual construction of the facilities herein authorized shall not be undertaken until at least 80 per centum of the conservation capacity in Burns Creek Reservoir is under subscription, nor until negotiations have been undertaken in accordance with the provisions of (b) of this section.

SEC. 5. Expenditures for the works authorized by section 1 of this Act may be made without regard to the soil survey and land classification proviso of the Interior Department Appropriation Act, 1954 (67 Stat. 261, 266, 43 U.S.C. 390a).

SEC. 6. For a period of ten years from the date of enactment of this Act, no water shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would be normally marketed is in excess of the normal supply as defined in section 301(b)(10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purpose of this Act.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY.
Washington, D.C., April 21, 1959.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives,
Washington, D.C.

DEAR MR. ASPINALL: A report from this Department has been requested on H.R. 1235, a bill to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other workes at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes.

We recommend that the bill be enacted. A few minor amendments set out hereafter are also recommended.

The Burns Creek Dam, Reservoir, and powerplant would be located on the Snake River in Bonneville County, Idaho, about 30 miles downstream from Palisades dam. It would be integrated electrically, hydraulically, and financially with the existing Palisades reclamation project. Our planning report on this development, together with copies of the comments we have received from State and Federal agencies, has been transmitted to the Speaker of the House and referred to your committee.

The prime purpose of the Burns Creek development is reregulation of releases from Palisades. In addition, 100,000 acre-feet of its 234,000 acre-feet of reservoir capacity will be available for long-term holdover irrigation storage purposes and a 90,000-kilowatt powerplant is proposed. The reregulation of Palisades releases will result in more efficient use of Palisades than is possible otherwise. Without downstream regulation, for instance, the operation of Palisades powerplant would be limited by restrictions on streamflow fluctuations below the dam. The integrated or combined operation of Burns Creek Palisades will permit the prime power output from the Palisades powerplant alone to be more than doubled.

The 100,000 acre-feet of irrigation storage will be utilized principally as long-term holdover storage. It will, in effect, provide insurance water to be used during such periods of extreme drought as occurred during the early 1930's. It is expected that it will be contracted for, and used on the same lands (650,000 irrigated acres along the Snake River extending in a strip upstream from Bliss, Idaho) as the Palisades irrigation water. In view of this, it seems to us that the requirement of the Interior Department Appropriation Act, 1954 (67 Stat. 261, 266, 43 U.S.C., sec. 390a) respecting land classification and soil survey could well be waived as section 5 of the bill would provide.

The bill provides a 6-month preference to holders of storage rights in Palisades Reservoir for subscription to Burns Creek space. It also provides that "the Secretary may contract with any such organization on the basis of operating plans which, in accordance with contracts heretofore entered into between the United States and subscribers to Palisades capacity, treat the conservation capacity as having a priority equal to that of the irrigation capacity in Palisades Reservoir." Typical of the contract provisions to which this passage

refers is that in article 29(c) of the contract of January 7, 1955, with the Milner Low Lift Irrigation District:

"If the United States, under the Federal reclamation laws, hereafter constructs storage facilities on the Snake River or its tributaries above Milner Dam in addition to those now constructed or authorized to be constructed to provide water for irrigation purposes, the district hereby agrees that, notwithstanding the establishment of a storage right for such additional facilities with a priority subsequent to that assigned the Palisades Dam and Reservoir, the United States may hereafter contract with water users organizations which then have storage rights in Palisades Reservoir, to operate not to exceed 300,000 acre-feet of such capacity for the storage of water for irrigation for the benefit of such organizations as though that capacity had a storage right of identical priority with that held for Palisades Dam and Reservoir."

On the basis of present cost estimates, it is likely that construction charges for the use of Palisades space will be $7.75 per acre-foot. It is tentatively proposed that Burns Creek space be charged for at the same rate. On this basis, the total repayment by the water users for the use of 100,000 acre-feet of Burns Creek storage would be $775,000, repayable over a 40-year period. The remainder of the irrigation allocation can readily be returned from net power revenues.

The total estimated cost of constructing the Burns Creek development, exclusive of fish and wildlife and recreation facilities, is about $45,430,000 on the basis of January 1959 prices. It is estimated that, combined with Palisades as the bill provides, costs allocated to commercial power could be repaid with interest well within a 50-year period. Irrigation costs assigned to the combination could be repaid in about 50 years after full operation of the Burns Creek powerplant begins.

Economic analysis of the Burns Creek development made during the feasibility investigation indicated that its primary benefits alone exceed total costs in the ratios of 1.48 to 1 and 1.26 to 1 based on periods of analysis of 100 and 50 years, respectively. These ratios using January 1959 price indexes might change but such changes would be only slight since benefits from power would increase in about the same relative magnitude as would costs.

The bill would include as a project purpose the preservation and propagation of fish and wildlife, call for making reasonable provisions in the Burns Creek development to achieve this purpose, provide for free public access to and use of the reservoir area for lawful hunting and fishing purposes, and provide for a minimum flow of water from the reservoir to benefit the fishlife downstream. These provisions conform to recommendations of the Fish and Wildlife Service which were adopted as an integral part of our project planning report.

Two provisions of the bill are deserving of special comment. Subsection (b) of section 4 would authorize the Secretary of the Interior to reduce by one-third certain contract obligations undertaken by irrigation interests which serve to compensate the beneficiaries of the Minidoka powerplant for losses of power resulting from storage in Palisades Reservoir, and to charge the total amount of the reductions to Palisades power revenues. We estimate that this charge to project power operations would be about $5,000 annually. It is our understanding that this provision is desired by local water user groups. We make no objection to its inclusion in the authorizing legislation if the Congress should be inclined to adopt it, since it would have no appreciable effect on the feasibility or payout of the project.

Subsection (c) of section 4 would provide that construction of Burns Creek could not be commenced until 80 percent of its conservation capacity has been subscribed and until negotiations have been undertaken in accordance with section 4(b). We understand that this provision, too, is desired by local water user groups. While it is ordinarily not desirable to construct facilities the success of which depends upon water user repayments until repayment contracts have been entered into, it is the return from power that will carry the great bulk of the cost of Burns Creek. The 100,000 acre-feet of long-term holdover irrigation water would be used only a few times during project payout. The relatively minor part of irrigation in this project will have little bearing upon the success of the project. However, we anticipate that there will be no difficulty in meeting the requirements of section 4(c) and we offer no objection to it.

We recommend that the bill be amended in the following respects: (1) substitute the words "in connection with" for the words "in the works of" in line 15, page 3; (2) substitute the words "conservation and development" for the

words "preservation and propagation" in lines 8 and 9, page 1, and line 18, page 3; and (3) substitute the words "section 2 of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C., secs. 661, 662)" for the words "section 2 of the Act of August 14, 1946 (60 Stat. 1080, 16 U.S.C. 662)" in lines 16 and 17, page 3. The first of these changes is suggested to clarify a possible ambiguity and the second and third to take cognizance of the recently enacted amendments of the Fish and Wildlife Coordination Act (Public Law 85-624, 85th Congress).

A statement of personnel and other requirements that enactment of H.R. 1235 would entail is attached in accordance with the provisions of Public Law 801, 84th Congress.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

BILL TO AUTHORIZE CONSTRUCTION OF BURNS CREEK PROJECT, IDAHO

Estimated additional man-years of civilian employment and expenditures for the 1st 5 years of proposed new expanded programs

	1959	1960	1961	1962	1963
Estimated additional man-years of civilian employment:					
Administrative services and support:					
Clerical	4	8	8	8	7
Property management		1	1	1	
Stenographer	1	1	1	1	1
Total, administrative services and support	5	10	10	10	8
Substantive (program):					
Engineering aids	5	10	13	13	10
Engineers	5	9	11	11	7
Inspectors		6	9	9	9
Total, substantive	10	25	33	33	26
Total, estimated additional man-years of civilian employment	15	35	43	43	34
Estimated additional expenditures:					
Personal services	$80,000	$180,000	$220,000	$220,000	$175,000
All other	20,000	220,000	4,000,000	13,600,000	17,745,000
Total, estimated additional expenditures	100,000	400,000	4,220,000	13,820,000	17,920,000

[S. 281, 86th Cong., 1st sess.]

AN ACT To authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to assist in the irrigation of arid and semiarid lands in the upper Snake River Valley, Idaho, to provide facilities for river regulation and the control of floods, to utilize the hydroelectric power opportunities created thereby, and, as incidents to the foregoing purposes, to enhance recreational opportunities and provide for the conservation and development of fish and wildlife, the Secretary of the Interior is authorized to construct, operate, and maintain a reregulating reservoir, powerplant, and related facilities at or near the Burns Creek site below Palisades Dam on the Snake River, the reservoir and powerplant to be substantially in accordance with the report of the Secretary of the Interior entitled "Burns Creek Dam, Powerplant, and Reservoir" dated February 26, 1957. In so doing the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof and supplementary thereto). The works, including the reservoir, powerplant, and related facilities herein authorized

shall be considered as features of the Palisades Dam and Reservoir project (Act of September 30, 1950, 64 Stat. 1083) and shall be integrated therewith financially and operationally. Installation of power generating facilities shall be scheduled by the Secretary on the basis of providing for the additional power requirements of those entitled to preference in the purchase thereof under the Federal reclamation laws.

SEC. 2. The irrigation storage capacity in Burns Creek Reservoir shall be reserved for subscription by organizations which have storage rights in Palisades Reservoir (the term "storage rights" being used in the same sense as in the storage contracts heretofore entered into by the Secretary of the Interior with respect to Palisades Reservoir) whether or not under contract before the date of this Act. And the Secretary may contract with any such organization on the basis of operating plans which, in accordance with contracts heretofore entered into between the United States and subscribers to Palisades capacity, treat the conservation capacity as having a priority equal to that of the irrigation capacity in Palisades Reservoir. Any Burns Creek irrigation storage capacity which is not so subscribed within six months from the time when funds are first made available for starting construction of the Burns Creek development shall then be made available for use in accordance with the Federal reclamation laws.

SEC. 3. (a) The Secretary is authorized in connection with the Burns Creek development, to construct minimum basic public recreational facilities and to arrange for the operation and maintenance of the same by an appropriate Federal, State, or local organization or agency: *Provided*, That all lands within the exterior boundaries of a national forest acquired for project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the project works shall become national forest lands: *Provided further*, That the Secretary of the Interior shall make his determination hereunder within five years after approval of this Act or, in the case of individual tracts of land, within five years after their acquisition by the United States: *And provided further*, That the authority contained in this subsection shall not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture.

(b) The Secretary may make such reasonable provision in connection with the Burns Creek development as, upon further study in accordance with section 2 of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C. secs. 661, 662), he finds to be required for the conservation and development of fish and wildlife. An appropriate portion of the cost of the development shall be allocated as provided in said Act and it, together with the portion of the construction cost allocated to recreation and the operation and maintenance costs allocated to these functions, shall be nonreimbursable and nonreturnable under the reclamation laws.

(c) So far as the Secretary finds the same to be consistent with safety and with efficient operation for the primary purposes of the development, Burns Creek Reservoir and lands adjacent thereto which are now owned or hereafter acquired by the United States shall be open to free public use for lawful hunting and fishing purposes, and free access thereto for those purposes shall be assured.

(d) During times when releases for other purposes are less than one thousand cubic feet per second, a release of this amount from Burns Creek Reservoir shall nevertheless be maintained for the benefit of downstream fishlife, but this release may be reduced for brief temporary periods by the Secretary whenever he may find that maintenance thereof is harmful to the primary purposes of the project.

SEC. 4. (a) To assist in the construction of the works authorized by section 1 of this Act, the Secretary may, notwithstanding the last sentence of section 2 of the Act of September 30, 1950 (64 Stat. 1083), construct all necessary facilities to deliver power to the site of said works. The power-generating and transmission facilities authorized to be constructed by section 1 of this Act shall be subject to the second sentence of section 2 of said Act of September 30, 1950, and shall, to the greatest possible extent consistent with existing contractual obligations, be operated in conjunction with and connected to the facilities covered by such second sentence to the end of producing and marketing the greatest amount of power and energy. Nothing contained in this Act shall be construed to affect adversely the application in aid of irrigation, under sections 2(b), 3(a), and 5 of the Act of August 31, 1954 (68 Stat. 1026), of net power revenues received from the Palisades Reservoir and developments combined therewith for payout purposes under said Act of September 30, 1950.

(b) The Secretary is authorized to amend contracts heretofore made under the Acts of September 30, 1950, supra, and of August 31, 1954, supra, whereby the water users assumed an obligation for winter power replacement based on the winter water savings program at the Minidoka powerplant to relieve the contractors ratably by one-third of that obligation, and to make new contracts under these Acts on a like basis. To the extent such annual obligations are reduced, the cost thereof shall be included in the cost to be absorbed by the power operations of the Palisades project.

(c) The actual construction of the facilities herein authorized shall not be undertaken until at least 80 per centum of the conservation capacity in Burns Creek Reservoir is under subscription, nor until negotiations have been undertaken in accordance with the provisions of (b) of this section.

SEC. 5. Expenditures for the works authorized by section 1 of this Act may be made without regard to the soil survey and land classification proviso of the Interior Department Appropriation Act, 1954 (67 Stat. 261, 266, 43 U.S.C. 390a).

SEC. 6. For a period of ten years from the date of enactment of this Act, no water shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would be normally marketed is in excess of the normal supply as defined in section 301(b)(10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

Calendar No. 434

86TH CONGRESS, 1st Session } SENATE { REPORT No. 439

BURNS CREEK PROJECT, IDAHO

June 29, 1959.—Ordered to be printed

Mr. Church, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

with MINORITY VIEWS

[To accompany S. 281]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 281) to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

AMENDMENTS

Page 2, lines 3 and 4, strike the words "preservation and propagation" and insert in lieu thereof the words "conservation and development".

Page 2, at end of line 15, add the following:

> Installation of power generating facilities shall be scheduled by the Secretary on the basis of providing for the additional power requirements of those entitled to preference in the purchase thereof under the Federal reclamation laws.

Page 3, at end of line 13, change the period to a colon and add the following:

> *Provided,* That all lands within the exterior boundaries of a national forest acquired for project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the project works shall become national forest lands: *Provided further,* That the Secretary of the Interior shall make his determination hereunder within

five years after approval of this Act or, in the case of individual tracts of land, within five years after their acquisition by the United States: *And provided further*, That the authority contained in this subsection shall not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture.

Page 4, line 10, strike the words "the works of" and insert in lieu thereof the words "connection with".

Page 4, lines 11 and 12, strike the words "Act of August 14, 1946 (60 Stat. 1080, 16 U.S.C. 662)" and insert in lieu thereof the words "Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C., secs. 661, 662)".

Page 4, line 13, strike the words "preservation and propagation" and insert in lieu thereof the words "conservation and development".

Purpose of Amendments

The first amendment, which was recommended by the Department of the Interior, is clarifying.

The second amendment would require the Secretary of the Interior to schedule the installation of generators based upon the anticipated load growth of preference customers. This amendment in the committee's opinion precludes the possibility of competition between the Bureau of Reclamation, which markets federally generated power at wholesale, and the private utility companies operating in southern Idaho which sell power to customers not entitled to preference under the Federal reclamation laws. The committee feels that the preference customers of the Bureau of Reclamation, municipalities and Rural Electrification and other cooperatives, are entitled to look to federally generated power when made available for energy to meet their load growth, but that the Bureau should not schedule power deliveries which will adversely affect the established service pattern of the private utility companies. The committee feels that this amendment assures that scheduled construction of thermal generating (coal-consuming) powerplants in Wyoming will not be subjected to delay or cancellation by reason of the construction of Burns Creek and the installation of its power-generating facilities. A full explanation of this amendment is included in this report.

The third amendment was recommended by the Department of Agriculture, and is a normal provision with respect to the relations of the Departments of the Interior and of Agriculture with respect to national forests lands.

The three amendments on page 4 of the bill were recommended by the Department of the Interior. Each is included, with the understanding that the language applies only to S. 281, and shall not necessarily be considered a precedent for language in subsequent legislation.

Description of Burns Creek Dam, Reservoir, and Powerplant, Palisades Project, Idaho

The Burns Creek development would be located on the Snake River in Bonneville County, Idaho, about 30 miles downstream from the Palisades Dam of the Bureau of Reclamation. It would be integrated

electrically, hydraulically, and financially with the existing Palisades project.

The prime purpose is reregulation of releases from the Palisades Reservoir to prevent undesirable fluctuations in river stages and thus would result in more efficient use of the Palisades project. Atsite power production, holdover storage for irrigation, recreation, and the preservation and propagation of fish and wildlife are other purposes of the Burns Creek development.

The proposed plan is to construct a 176-foot-high rolled earth-filled dam to form a 234,000 acre-foot reservoir. In addition to use of reservoir capacity to reregulate Palisades releases and maintian power head for the proposed 90,000-kilowatt powerplant, 100,000 acre-feet of capacity will be available for long-term holdover irrigation storage purposes. Under agreement entered into when contracts for repayment of irrigation costs of the Palisades project were negotiated, additional storage on the upper Snake River for irrigation purposes such as that provided in Burns Creek will be accorded equal priority rights to that contained in Palisades Reservoir.

The most effective use of both the Palisades and Burns Creek developments would be obtained through their combined operation. Without downstream regulation, for instance, the operation of Palisades powerplant would be limited by restrictions on streamflow fluctuations below Palisades Dam. The integrated or combined operation would permit the prime power output from the Palisades powerplant alone to be more than doubled.

The estimated construction cost based on January 1959 prices is $45,430,000. Except for $49,000, which is the estimated cost of minimum basic recreation facilities and is considered nonreimbursable, the entire cost of the Burns Creek development is allocated to power and irrigation. These allocations are, respectively, $44,532,000 and $849,000.

Provision for fish and wildlife is another purpose of the development. Studies will be continued in respect to this function in accordance with recommendations of the Federal Fish and Wildlife Service. Costs that might be incurred as a result of such studies would be considered as nonreimbursable.

Based on the cost allocation, on integrated operation and pooling of power revenues, and on installation of generators to meet loads of preference customers, the Burns Creek and Palisades commercial power allocations, including interest during construction, would be repaid with 3 percent interest in the 52d year of the Palisades repayment period, which is the 44th year after the first Burns Creek generator goes on the line.

The 100,000 acre-feet of irrigation storage would be utilized principally as long-term holdover storage. It would, in effect, provide insurance water to be used only during periods of extreme drought as occurred during the early 1930's. It would be contracted for and used on the same lands (650,000 irrigated acres along the Snake River extending in a strip upstream from Bliss, Idaho) as would the Palisades irrigation water and, as previously mentioned, would have a storage right of equal priority with that held for the Palisades Reservoir.

As a result of these similarities, it was concluded that Burns Creek water would be sold under the same terms as would Palisades water.

Existing contracts for Palisades water will probably require a total charge of $7.75 an acre-foot of irrigation storage space based on current cost estimates. On this basis, the total repayment by the water users for the use of 100,000 acre-feet of Burns Creek storage would be $775,000, and this amount would be collected over a 40-year period. This is equivalent to an annual charge of about $5.50 per acre-foot of water actually used. The remainder ($74,000) of the $849,000 reimbursable cost allocated to irrigation would be repaid after payout of power features from net surplus power revenues. Applications have been made by the irrigators for a much greater quantity of storage space than would be made available by Burns Creek Reservoir.

Total payout of the combined Palisades-Burns Creek development would be completed in the 50th year of the full operation of the Burns Creek powerplant or the 62d year of full operation of the Palisades powerplant. This would include all aid to irrigation to be obtained from the surplus power revenues of both developments. In addition, an earned surplus of about $1,998,000 would have accumulated during the 50-year period after the last Burns Creek generators are put on the line.

Burns Creek has been planned in close cooperation with the local interests. This development would so greatly expand the operating base of the Palisades project that all segments of the upper Snake River Basin would benefit. Representatives of all irrigation canal companies, municipalities including Rupert and Idaho Falls, and other urban interests have strongly endorsed the project. They have in various ways expressed their approval as they recognize that the proposed plan would be another step in the comprehensive development of the available water resources for the benefit of all.

At the time of preparation of the regional director's report, which was based on January 1956 prices, the benefit-cost ratios for the Burns Creek development were estimated at 1.48 to 1.0 and 1.26 to 1.0, respectively, for 100- and 50-year periods of analysis. Since power benefits are measured by the alternate cost of producing comparable power and energy, benefits will vary directly with costs. Inasmuch as there has been a small increase in the cost of Burns Creek since 1956, it is reasonable to assume that the benefits will increase also by about the same percentage and that the benefit-cost ratios will not change to any appreciable extent.

Reservoir in upper Snake River Valley, Idaho—Financial integration

COST ALLOCATIONS

	Palisades	Burns Creek	Combined
Irrigation	$18,868,000	$849,000	$19,717,000
Commercial electric plant	11,821,240	44,532,000	56,353,240
Irrigation electric plant	8,214,760	0	8,214,760
Flood control	22,456,000	0	22,456,000
Fish and wildlife, recreation	640,000	49,000	689,000
Total	62,000,000	45,430,000	107,430,000

COST PER KILOWATT INSTALLED

Commercial electric plant cost	$104	$495	$276
Total cost	544	505	527

Reservoir in upper Snake River Valley, Idaho—Financial integration—Continued

REVENUE

	Palisades	Palisades-Burns Creek combined
Gross revenue per year	$1,970,000	$3,067,000

	Years	
	After completion of Palisades	After completion of Burns Creek[1]
Palisades-Burns Creek combined payout:		
Commercial electric plant	52	49
Total cost, including irrigation subsidy	62	60

[1] After last 2 Burns Creek generators are installed. The years would be, respectively, 44 and 54 after the first generator is installed.

NOTE.—98 percent of costs to be repaid.

Complete payout of commercial electric plant costs will be achieved in 52 years after the last Palisades unit goes on the line and all reimbursable costs, including irrigation subsidy, will be returned in the 62d year. All of the $45,430,000 of Burns Creek cost except the $49,000 allocated to fish, wildlife, and recreation will be returned to the Treasury. Of this amount $44,532,000, or 98 percent, will be repaid with interest. Water users will pay $775,000 of the $849,000 allocated to irrigation and power revenues will pick up the balance of $74,000.

BACKGROUND OF LEGISLATION

The Burns Creek Dam, powerplant, and reservoir are proposed as supplemental works of the Palisades project in Idaho, under section 9(a) of the Reclamation Project Act of 1939. As such, the report to the Commissioner of Reclamation from his regional director, adopted as a part of the report of the Secretary of the Interior to the Congress, calls for a project integrated hydraulically, electrically, and financially with the Palisades project, now fully operating.

The report to the Commissioner of Reclamation referred to was submitted in March 1956. The Secretary of the Interior transmitted his report to Congress in 1957, and two bills to authorize the project, S. 145 and S. 2089, were referred to the Senate Interior and Insular Affairs Committee in the 85th Congress. The Irrigation and Reclamation Subcommittee held hearings on these bills on May 22, 1957, and this committee reported favorably on S. 2757, a fresh bill, on August 13, 1957. The bill passed the Senate on August 20, 1957, without objection.

The hearings on S. 281 by the Irrigation and Reclamation Subcommittee, held on March 16 and May 11, 1959, incorporated the 1957 hearings by reference, and the chairman in making reference to these earlier hearings asked the witnesses to confine the presentations to new material.

Favorable Reports From Department and Bureau of the Budget

The committee's action is taken on the basis of the information developed at the hearings on S. 145 and S. 2089 in 1957, and on S. 281 in 1959, and on the favorable reports of the Department of the Interior submitted without objection from the Bureau of the Budget as well as other supporting data.

Conclusions of the Committee

On the basis of all considerations, the committee concludes that—

(1) The Burns Creek Dam, powerplant, and reservoir, Palisades project, Idaho, is a sound and economically feasible expansion of the Palisades project previously authorized, constructed, and in operation.

(2) A single-purpose regulatory reservoir would not fully develop the site and would not be in accord with comprehensive multiple-purpose water resources and reclamation development.

(3) The holdover irrigation storage provided in the plans for the project represent a critically important reclamation benefit.

(4) The Burns Creek project would not infringe on the established load pattern and normal growth thereof of the Utah Power & Light Co.

(5) Irrigation pumping served by preference customers of the Bureau of Reclamation develops lands at economic rates, which lands could not be developed by pumping relying on thermally generated power.

(6) Growth in demand for electric energy in southern Idaho will fully utilize both projected additional power from Burns Creek and projected additional power from coal- and oil-fired steamplants.

(7) The Burns Creek development is approved virtually unanimously by water users in the area served by Palisades.

Contentions of the Adverse Witnesses

UTAH POWER & LIGHT CO.

The Utah Power & Light Co. gave testimony in opposition to Burns Creek in the 1957 hearings. This position was renewed in the 1959 hearings.

CONFLICTING CONTENTIONS ANALYZED

The committee has had analyzed the various contentions of the Utah Power & Light Co., together with the opposing contentions, as presented by the Bureau of Reclamation. These are presented in tabular form as follows:

BURNS CREEK DAM, RESERVOIR, AND POWERPLANT, PALISADES PROJECT, IDAHO

Summary analysis from 1959 hearings

Issue	Utah Power & Light position	Bureau of Reclamation position
Need for Burns Creek development	Development is not needed or desired because (1) river regulation is not necessary; (2) power which would be generated is not needed in area. If something must be built, it should be no more than an approximate 17,000 acre-foot reregulatory reservoir.	The development is needed and would be a desirable addition to the existing Palisades project. The reregulation would permit greater peaking capacity at the Palisades powerplant, and still maintain smooth flows of the river, which would be advantageous as far as fish and wildlife and as far as irrigation diversions are concerned. Burns Creek Reservoir would provide space for 100,000 acre-feet of long-term irrigation storage. The need for this storage was verified by Mr. Lynn Crandall in his testimony to the effect that he had applications for greater amount of space than would be made available. On June 6, 1959, the Committee of Nine representing all irrigation districts on upper Snake River reaffirmed support for Burns Creek by passing resolution. As far as power is concerned, our studies show that the future needs of preference customers alone could absorb the Burns Creek output. Also, Federal Power Commission pointed out the desirability of a Palisades reregulatory reservoir at the time that agency reviewed the Palisades project planning report back in 1950. Burns Creek Reservoir would also have important recreational aspects. A single-purpose reregulatory reservoir would not fully develop the site and thus would not be in accord with the policy of comprehensive multiple-purpose water resource development.
Justification of project...	There is no sound justification for this $50,000,000 project. An interest rate of 3 percent and a period of 50 years should be utilized in benefit-cost calculations. Firm power is only 17,000 plus kilowatts; thus the 60,000-kilowatt amount used in benefit calculations is incorrect. The benefit-cost ratio calculated on above basis would be only 1.06 to 1.0. Irrigation benefits are very minor and 98 percent of the project costs is allocated to power.	Our total cost estimate based on January 1959 prices and including interest during construction is approximately $48,543,000. In accordance with custom a 2½-percent interest rate and a period of 100 years were used in calculating the benefit cost ratio. On this basis the ratio would be about as shown in the planning report, 1.4 to 1.0. The interest rate is set by the Bureau of the Budget. Based upon 3 percent and 50 years, as suggested by Utah Power & Light, a recent calculation shows the benefit-cost ratio to be 1.14 to 1. If a 2½-percent interest rate and 50-year period were used, the ratio would be 1.26 to 1. These ratios clearly demonstrate that the proposed development is economically justified. The use of 60,000 kilowatts in the calculation of power benefits is correct. The report is wrong in that it tags the name "firm capcity" to these kilowatts. Actually the 60,000 kilowatts should have been called annual dependable capacity. It is agreed that 98 percent of project is allocated to power. However, irrigation storage is important to the water users, and, again, refer to testimony of Mr. Lynn Crandall, who indicated the strong desire on part of the irrigators to secure this long-term storage.

Summary analysis from 1959 hearings—Continued

Issue	Utah Power & Light position	Bureau of Reclamation position
Supplanting power of Utah Power & Light.	If Burns Creek is constructed, the power and energy would displace power and energy that might be sold by Utah Power & Light Co. If Burns Creek is constructed, output of the proposed Kemmerer, Wyo., steam powerplant would have to be reduced.	Burns Creek would result in very little if any infringement on Utah Power & Light's future load. Studies show that the growth of existing preference customer loads will be more than ample to obsorb Burns Creek output. Also, much of Burns Creek energy would be sold outside of the Utah Power & Light territory. An important point is that of 447,000,000 kilowatt-hour increase in energy, as the result of adding Burns Creek, a good percentage would be for irrigation pumping. This would be available to irrigators with higher pump lifts who could not afford to pump with steam-generated energy because of its high cost.
Coal problem in Wyoming.	While the construction of Burns Creek would not defer construction of the Kemmerer, Wyo., steam plant, it would require the operation of the steam plant as a reduced level initially. Less coal would be required. Thus, Burns Creek would be detrimental to the economy in Wyoming.	There is a serious question as to just how much Burns Creek would infringe upon loads to be supplied by the Kemmerer steam plant as indicated by statement immediately above. It is felt that Burns Creek would have relatively little effect on Utah Power & Light's customers. Regional Director Nelson testified that in his opinion loads were growing at a rate great enough to absorb both the output of Burns Creek and the steam plant. Mr. Nelson also expressed the opinion that if Burns Creek were not built, preference customers would not necessarily seek power from Utah Power & Light but probably would have energy wheeled in from hydro sources from the west, or in some cases reactivate and expand their own plants.[1]
Repayment	The combined Palisades-Burns Creek payout studies should be based on repayment of all Palisades costs including irrigation subsidy before repayment of Burns Creek costs. Standing alone Burns Creek would not generate enough revenue to pay 3 percent interest on the interest-bearing investment. Burns Creek is an uneconomical project, with a cost of $516 per kilowatt as compared to $269 for Palisades. Adding Burns Creek to Palisades would require extension of repayment period for irrigation costs allocated to be repaid from Palisades power revenues. This is contrary to Public Law 864, 81st Cong., and is considered illegal.	Burns Creek was investigated, designed, and calculated on the basis that it would be integrated hydraulically, electrically, and financially with the present Palisades project. On this basis, and following customary procedure used on other reclamation developments, project revenues are used first to repay interest-bearing costs and last to repay irrigation charges which do not carry interest. This appears to be the way any business would operate in regard to its financial obligations. (There was considerable misunderstanding concerning the average rate and repayment studies for the Palisades-Burns Creek combination. However, on the basis that interest-bearing debts would be repaid first, both Utah Power & Light and Reclamation are now in close agreement on lengths of the various repayment periods.) Studies show that Burns Creek is an economical development and that, if considered on an incremental basis, energy could be sold to repay the commercial power investment at 3 percent interest at a price less than comparable energy from the cheapest alternative source of supply. Interior Department attorneys have carefully reviewed the proposed repayment for the Palisades-Burns Creek combination and do not question its legality.

[1] This comment does not reflect the committee amendment to sec. 1, line 15, which was added subsequently.

Summary analysis from 1959 hearings—Continued

Issue	Utah Power & Light position	Bureau of Reclamation position
Surplus power revenues..	Without Burns Creek in the year 2016 surplus power revenues in the amount of $30,342,000 would accumulate from the Palisades powerplant. With Burns Creek added these revenues would amount to $1,148,000.	Studies show that Utah Power & Light calculations are essentially correct. Our average rate and repayment studies show a surplus under the combined Palisades-Burns Creek system of $1,998,000 by the year 2019. However, the combined annual net power revenues with Burns Creek are approximately $2,295,000, compared to about $1,148,000 for Palisades alone. Thus, after repayment of the combined project, the surplus revenues would accumulate at a greater rate and in a period of time would equal and then surpass the surplus power revenues from Palisades alone. (In the year 2046 surplus revenues from both systems would be equal to about $65,570,000 each.)

The committee concludes that the Bureau of Reclamation position, as summarized above, is sound and supported in the testimony at the hearings.

WYOMING COAL INTERESTS

Testimony was received also from the mayor of Kemmerer, Wyo., and the president of the Kemmerer Coal Co., and statements were received from officials of the United Mineworkers, District 22, Utah and Wyoming.

The burden of this testimony was that development of Burns Creek Dam powerplant would adversely affect the plans of the Utah Power & Light Co. to construct a steam generating plant at Kemmerer, Wyo.

The committee appreciates the interest and concern of this area, where unemployment in the mines is high, and where assured production would be a great boon.

The committee concluded that S. 281 should be amended to protect against premature development of Burns Creek power, and against the application of criteria other than that to serve preference customers in determining the need for additional power from the Federal facility.

Additionally, however, the committee elicited from the Utah Power & Light Co. unequivocal assurances that its plans to construct the plant at Kemmerer were firm, and not subject to delay or cancellation based upon congressional authorization of the Burns Creek project.

Demands of Preference Customers

The committee secured additional studies as to the demands of the preference customers. The original needs of these customers were met from Federal power at a time when privately generated power did not provide service to rural customers. The rural customers and municipalities have, in the committee's view, properly looked to the Federal system's full capability to serve their load growths. All the data show that Burns Creek power will be fully utilized without infringement upon the private power company's nonpreference market.

The committee secured a Bureau of Reclamation schedule showing that the first generator on Burns Creek would go on the line in 1965, 2 years after the Kemmerer plant is scheduled for operation, and that

the final two generators would go on the line in 1969, 6 years later than the Kemmerer plant. This will, in the committee's view, allow the private company's customer pattern to become established.

The data furnished the committee show that Burns Creek power will serve a substantial irrigation pumping load, at a cost of $4.60 per acre, as compared to $10.40 per acre at rates of the Utah Power & Light Co. This land, in the view of the committee, cannot be economically served with irrigation pumping at the higher rate. Therefore, failure to develop Burns Creek will not result in diverting this market to thermal sources. Instead, it must either be served at comparable rates only possible from hydroelectric sources elsewhere, as from other Federal developments in the Pacific Northwest, or the land cannot be irrigated economically.

Information as to Preference Customer Demands

The following information is furnished with respect to prospective customer demands from preference customers for Burns Creek power with the requirements exceeding the 90,000-kilowatt installation at the proposed development.

U.S. Department of the Interior,
Bureau of Reclamation,
Washington, D.C., May 29, 1959.

Hon. Clinton P. Anderson,
Chairman, Subcommittee on Irrigation and Reclamation, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

Dear Senator Anderson: In accordance with phone request from your staff we are pleased to enclose the following information concerning probable customers for power from Burns Creek Dam, Reservoir, and powerplant, Palisades project, Idaho.

1. List of requests for power from preference customers. The first page of the enclosure is printed on page 50 of Senate hearings on S. 145 and S. 2089, 85th Congress, May 22, 1957. The second page is additional information on the subject matter to bring it up to date.

2. Graph showing expected Bureau of Reclamation commercial load growth in southern Idaho and anticipated sources of supply.[1]

3. Tabulation of requirements of existing Bureau of Reclamation power contracts in southern Idaho and actual power used in recent years.[2]

Enclosure 1 clearly demonstrates that the future requirements of the preference customers are greater than the generation to be obtained by adding Burns Creek to the system.

A study of the tabulation, item 3, shows that at the present time some of the preference customers are using amounts of power greater than their contracts call for.

All three items above have been presented previously to the Congress in conjunction with the Burns Creek hearings. They are transmitted now for your convenient reference.

Sincerely yours,

Floyd E. Dominy, *Commissioner.*

[1] The graph is in the committee files.
[2] Tabulation appears on p. 99 of hearings on May 11, 1959.

Requests for power from Burns Creek development

	Letter date	Kilowatts requested
Separate requests:		
City of Burley, Idaho	Mar. 7, 1955	[1] 10,000
Fall River Electric Cooperative, Inc., Ashton, Idaho	Apr. 20, 1955	3,000
Village of Heyburn, Idaho	Apr. 9, 1955	2,000
City of Idaho Falls, Idaho	Nov. 8, 1956	[2]
Raft River Electric Cooperative, Inc., Malta, Idaho	Nov. 9, 1956	20,000
Lost River Electric Cooperative, Inc., Mackay, Idaho	Apr. 27, 1955	4,000
Salmon River Electric Cooperative, Inc., Challis, Idaho	do	
City of Rupert, Idaho	May 10, 1955	[1] 5,000
Westside Electric Irrigation Cooperative, Inc., Idaho Falls, Idaho	June 29, 1955, and Mar. 6, 1956.	[3] 30,000
Subtotal		74,000
Additional requests for Burns Creek power made in public meeting called by Burley Chamber of Commerce Apr. 25, 1957, in Burley, Idaho:[4]		
Village of Albion, Idaho		350
Paul Electric Co., Paul, Idaho		340
The Unity Light & Power Co., Burley, Idaho		1,700
Rural Electric Co., Rupert, Idaho		2,000
Walcott Electric Co., Rupert, Idaho		300
Village of Heyburn, Idaho		[4] 8,000
South Side Electric Lines, Inc., Burley, Idaho		500
Riverside Electric Co., Rupert, Idaho		500
City of Rupert, Idaho		[4] 9,000
Subtotal		22,690
Total		96,690

[1] Amount requested in excess of present contract.
[2] Not stated. City of Idaho Falls has indicated in letter to Governor of Idaho Nov. 8, 1956, that at present rate of growth of city load, Palisades power will be insufficient within 5 years.
[3] Not presently served under contract with the Unites States.
[4] Estimated requirements stated in meeting totaled 50,000 kilowatts. Duplications of above list have been omitted.

Subsequent to the compilation of the above list the Snake River Power Association, Inc. (comprised of some of the above-listed power distributors), submitted a petition in May 1958 which includes the following requests:

1. A formal application for all remaining firm power available from the federally owned generating plants in southern Idaho.

2. A formal application for the purchase of 15,000 kilowatts of high-grade secondary power.

In support of the petition the following load estimates were started in the preamble:

	Average yearly percent increase during 10-year period	Energy purchased in 1956 (1,000 kilowatt hours)	Estimated needs in 1962	Estimated needs in 1967
Raft River REA	37.3	20,557	47,219	63,848
Lost River REA	37.1	16,356	30,607	37,957
Fall River REA	24.2	6,737	10,535	13,876
Lower Valley REA		6,696	21,065	30,120

Excerpts From Testimony of Expert Witnesses

The following excerpts from the testimony of two witnesses at the hearing on May 11 were ordered incorporated in the reports in support of the committee's conclusions:

EXCERPT FROM TESTIMONY OF LYNN CRANDALL, LONGTIME WATERMASTER OF THE SNAKE RIVER, AT HEARING ON MAY 11, 1959, BEFORE SUBCOMMITTEE ON IRRIGATION AND RECLAMATION

* * * They (the water users) feel that the development of the water resources is the essential thing and not a conflict over this power matter. They have been used to controversies for years and they found by experience that to get things done it is necessary to reach some compromise and agreement, and I am sure they would have no objection if the suggestion was followed out that was made by Mr. Nelson that the authorization bill provide perhaps for the construction of foundations for these three units, but that initially only one of these units would be installed and perhaps the bill might specify that two additional units would be installed, say at intervals of 1 year apart, which instead of putting the whole 90,000 kilowatts into the market in one year would put it in only at the rate of 30,000 kilowatts per year, which could easily be absorbed in the annual growth.

* * * * *

* * * I think that way this development could be integrated into the system without having an effect on this coal plant over in Wyoming at all.

* * * * *

Senator Church. You are very closely acquainted with the various irrigation districts in southern Idaho and in the southern portion of the State that would be affected by this project; are you not?

Mr. Crandall. Yes.

Senator Church. Is it not so that this project has the support and endorsement of the water irrigation districts in the area?

Mr. Crandall. It was first proposed to them and the details were submitted by the Bureau of Reclamation several years ago at a meeting at Idaho Falls where they were unanimously approved. At the annual meeting of the water users of the entire district in 1958 in March they were unanimously approved and this last March of this year they again for the third time unanimously approved this proposed project of the Bureau of Reclamation. They have been dealing for 50 years with the development of storage projects on the Snake River. There is Lake Walcott, and Jackson Lake, Island Park, Grassy Lake, American Falls, and Palisades. They have seen those projects all work out and pay out and they have paid back the entire costs on some of them already, and they are prepared to accept these figures

and estimates and calculations by the Bureau because they know that they have been made after the most thorough study and this long experience has given them great confidence in them.

Senator CHURCH. I might say, Mr. Chairman, that in my experience in the State of Idaho frequently the construction of a given dam has given rise to a great deal of bitter controversy between Idaho groups, between water users, and power users, and business groups, and various others that are affected in different ways.

This project has been blessed with what approaches general endorsement and support from all the different Idaho groups, which is an unusual mark for a Government dam.

* * * * *

EXCERPTS FROM TESTIMONY OF HAROLD T. NELSON, REGIONAL DIRECTOR, BUREAU OF RECLAMATION, BOISE, IDAHO, AT HEARING ON MAY 11, 1959, BEFORE SUBCOMMITTEE ON IRRIGATION AND RECLAMATION

* * * and as a matter of fact the Federal Power Commission in commenting on the very first Palisades report called our attention to the fact that here was a traditional opportunity for reregulation because of the installed capacity at Palisades which could be used for peaking purposes. So a part of the output of the equipped system will originate at Palisades itself, and because of the fact that the market was not apparent at that time—that is, there had not been the great development of underground pumping in those days—the reregulating reservoir was not incorporated in the original Palisades project. I would say now that there are three 30,000 kilowatt units proposed for Burns Creek and certainly the Bureau would not be a party to putting units on the line without a market. I recall that Coulee Dam was laid out that way and Chief Joseph Dam with space for the unit in the powerhouse and units were added as the market developed, and our projections are that the market will be there by the time we are ready to install them, but, nonetheless, the Burns Creek reregulating proposal was held back until our own existing contracts indicated that we were out (of power).

Senator CHURCH. In other words, even if your anticipation based upon the past growth patterns of these customers proves to be wrong, you are still in a position where you need not install more generators at Burns Creek than the actual market would justify at the time of installation?

Mr. NELSON. That is correct, sir.

Senator CHURCH. So that at no time need you invade the market of the Utah Power & Light Co. by putting surplus power into the area above the demands of your existing customers?

Mr. NELSON. That is certainly my feeling and I feel that the past performance record and reputation of the Bureau in the Northwest is pretty much along those lines. I saw a

report once where the last generator on Coulee wouldn't be needed until 1965, and we couldn't get them on the line fast enough.

* * * * *

NEW REPAYMENT STUDY

In response to a request from Senator Church, the Bureau of Reclamation made a new repayment study of the Burns Creek project on the basis of deferring installation of generators to meet anticipated load growth of preference customers. The reply is incorporated in this report for the information of the Senate.

The reply is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D.C., June 12, 1959.

Hon. FRANK CHURCH,
U.S. Senate, Washington, D.C.

DEAR SENATOR CHURCH: We have made a new repayment study of the proposed Burns Creek development on the basis of deferring the installation of generators to meet anticipated load growth of preference customers. This would be in accord with the last sentence of section 1 of Committee Print No. 2 of June 1, 1959, on S. 281. We are pleased to provide you herein a summary of the results of this study.

The estimated load growth of Bureau of Reclamation commercial loads in south Idaho was discussed during the recent Senate hearings, and the load growth curve is printed on page 98 of the hearings on S. 281, March 16 and May 11, 1959. That curve shows that presently available Federal power is fully utilized and that additional loads up to 1965 were to be met by integration with the Idaho Power Co. After that date Burns Creek was to come on the line to meet future load growth.

The proposed contract with the Idaho Power Co. to obtain 30,000 kilowatts of power is agreeable to both the power company and the Department of the Interior. At the request of Senator Murray, execution of the contract has been held in abeyance. Execution of this contract will not affect the feasibility of Burns Creek.

Assuming the contract is executed, and based upon the proposed amendment, the first Burns Creek generator would be installed by the end of fiscal year 1965. To meet further load growth, it is contemplated that the remaining two of the three 30,000-kilowatt Burns Creek generators would be installed by the end of fiscal year 1969.

On the basis of the deferred installation of the generators, the repayment study of the Palisades-Burns Creek combination shows that the repayment period for total costs would be extended 4 years, to fiscal year 2019, from that shown in the study based on all generators being installed in 1 year. There is enclosed a tabulation comparing repayments under the two different procedures.

As shown in the tabulation, the commercial power allocation, under deferred generator installation, would be repaid with interest in the 52d and 44th year, respectively, of the Palisades and Burns Creek repayment periods. Total costs including irrigation assistance would be repaid in the 50th year after the last two Burns Creek generators

are installed. We concluded that Burns Creek would be a feasible development on either basis of generator installation.

The question of use of natural gas for irrigation pumping in southern Idaho has been raised. We have looked into this and are enclosing for your information a "Statement on Use and Effect on Burns Creek Generation of Natural Gas for Operation of Irrigation Pumps in Southern Idaho." [1] This statement concludes that pumping by gas, when all costs are considered, generally would be more expensive; therefore, it is not probable that gas would be competitive to electric power from Burns Creek, and no appreciable effect on use of Burns Creek generation is anticipated.

Sincerely yours,

ALFRED R. GOLZE,
Acting Commissioner.

Palisades project-Burns Creek combined study, Bureau of Reclamation—Repayment table

Function	Amount		Total repayment year		Year of Palisades payout		Year of Burns Creek payout	
	Deferred generator installation	Generators not deferred	Deferred generator installation	Generators not deferred	Deferred generator installation	Generators not deferred	Deferred generator installation	Generators not deferred
Commercial power [1]	$60,496,462	$60,723,462	2009	2005	52	48	44	40
Irrigation power	[2] 8,214,760	[2] 8,214,760	2013	2009	56	52	48	44
Irrigation	[3] 24,065,600	[3] 24,065,600	[4] 2019	2015	62	58	[4] 54	50

[1] Commercial power repaid with 3-percent interest.
[2] Repaid using surplus power revenues.
[3] Includes Palisades allocation of $19,717,000 plus $4,348,600 in assistance to irrigation on Michaud Flats project and Michaud division of the Fort Hall Indian project. Of the total amount, $10,075,000 is repaid by irrigators and $13,990,000 from surplus power revenues.
[4] 2019 is 50 years after the last 2 Burns Creek generators are installed.

ADDITIONAL SUPPORTING INFORMATION

The attached minutes of a meeting of Committee of Nine of Snake River Water Users, Idaho Falls, June 6, 1959, endorse S. 281, the Burns Creek bill, as amended. The minutes include a resolution which is included as reflecting the views of the Snake River water users.

MINUTES OF MEETING OF COMMITTEE OF NINE OF SNAKE RIVER WATER USERS, IDAHO FALLS, IDAHO, JUNE 6, 1959, 1 P.M.

Committee members present: Leonard Graham, chairman; J. H. Silbaugh, Al Peters, Leo Murdock, David W. Dick, Cy Young, Frank Redfield, C. N. Scoresby, Willis Walker. Advisory member Merle Tillery; former chairman N. V. Sharp, Lynn Crandall, Harold Nelson, Glenn Simmons, Henry Eagle, and several other water users.

Lynn Crandall discussed the proposed Burns Creek bill as amended. He stated that the amendment worked out by Senators O'Mahoney and Church provided that the installation of the power-generating facilities be scheduled by the

[1] The information as to natural gas phases is on file with the committee.

secretary on the basis of providing for the additional power requirements of preference customers rather than all facilities being installed at once.

The meeting called today is for the purpose of obtaining an expression of opinion of the water users on the amended bill. Mr. Crandall pointed out some of the benefits that Burns Creek will provide to all water users on Snake River. Burns Creek is the last site on Snake River in Idaho above Milner Dam where any irrigation storage can be made available.

Mr. Nelson stated that the amendment to bill would in no way affect the provision that the power revenues from Palisades-Burns Creek would assume one-third of the annual costs of winter water savings at Minidoka now paid by water users. Demand for Government power is increasing faster than can be taken care of by addition of Burns Creek. He stated that the effect of the proposed amendment for delayed installation of all the power units would not extend the power payout period more than 1 year.

The following resolution was presented:

"*Resolution*

"Whereas the Snake River water users at their two last annual meetings have unanimously approved the Burns Creek project; and

"Whereas at a recent meeting of the Senate Subcommittee on Irrigation and Reclamation of the Senate Interior Committee certain amendments were added to the original bill S. 281: Now, therefore, be it

"*Resolved by the Committee of Nine, representing the Snake River water users,* That we approve the bill as amended and request the members of Idaho's congressional delegation to give the amended bill their full support."

Moved by Silbaugh, seconded by Walker, that the resolution be adopted. Carried unanimously.

There was further discussion regarding opposition of power companies to Burns Creek and the 150-day shutoff of canals for winter water savings.

Meeting adjourned at 2:30 p.m.

Communications From Executive Agencies

The following communications on S. 281 were received from the Department of the Interior, the Bureau of the Budget, and the Department of Agriculture:

DEPARTMENT OF THE INTERIOR

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 21, 1959.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR SENATOR MURRAY: A report from this Department has been requested on S. 281, a bill to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes.

We recommend that the bill be enacted. A few minor amendments set out hereafter are also recommended.

The Burns Creek Dam, Reservoir, and powerplant would be located on the Snake River in Bonneville County, Idaho, about 30 miles downstream from Palisades Dam. It would be integrated electrically, hydraulically, and financially with the existing Palisades reclamation project. Our planning report on this development, together with copies of the comments we have received from State and Federal agencies, has been transmitted to the President of the Senate and referred to your committee.

The prime purpose of the Burns Creek development is reregulation of releases from Palisades. In addition, 100,000 acre-feet of its 234,000 acre-feet of reservoir capacity will be available for long-term holdover irrigation storage purposes, and a 90,000-kilowatt powerplant is proposed. The reregulation of Palisades releases will result in more efficient use of Palisades than is possible otherwise. Without downstream regulation, for instance, the operation of Palisades powerplant would be limited by restrictions on streamflow fluctuations below the dam. The integrated or combined operation of Burns Creek and Palisades will permit the prime power output from the Palisades powerplant alone to be more than doubled.

The 100,000 acre-feet of irrigation storage will be utilized principally as long-term holdover storage. It will, in effect, provide insurance water to be used during such periods of extreme drought as occurred during the early 1930's. It is expected that it will be contracted for, and used on the same lands (650,000 irrigated acres along the Snake River extending in a strip upstream from Bliss, Idaho) as the Palisades irrigation water. In view of this, it seems to us that the requirement of the Interior Department Appropriation Act, 1954 (67 Stat. 261, 266; 43 U.S.C. 390a), respecting land classification and soil survey could well be waived as section 5 of the bill would provide.

The bill provides a 6-month preference to holders of storage rights in Palisades Reservoir for subscription to Burns Creek space. It also provides that "the Secretary may contract with any such organization on the basis of operating plans which, in accordance with contracts heretofore entered into between the United States and subscribers to Palisades capacity, treat the conservation capacity as having a priority equal to that of the irrigation capacity in Palisades Reservoir." Typical of the contract provisions to which this passage refers is that in article 29(c) of the contract of January 7, 1955, with the Milner Low Lift Irrigation District:

"If the United States, under the Federal reclamation laws, hereafter constructs storage facilities on the Snake River or its tributaries above Milner Dam in addition to those now constructed or authorized to be constructed to provide water for irrigation purposes, the district hereby agrees that, notwithstanding the establishment of a storage right for such additional facilities with a priority subsequent to that assigned the Palisades Dam and Reservoir, the United States may hereafter contract with water users' organizations which then have storage rights in Palisades Reservoir, to operate not to exceed 300,000 acre-feet of such capacity for the storage of water for irrigation for the benefit of such organizations as though that capacity had a storage right of identical priority with that held for Palisades Dam and Reservoir."

On the basis of present cost estimates, it is likely that construction charges for the use of Palisades space will be $7.75 per acre-foot. It is tentatively proposed that Burns Creek space be charged for at the same rate. On this casis, the total repayment by the water users for the use of 100,000 acre-feet of Burns Creek storage would be $775,000, repayable over a 40-year period. The remainder of the irrigation allocation can readily be returned from net power revenues.

The total estimated cost of constructing the Burns Creek development, exclusive of fish and wildlife and recreation facilities, is about $45,430,000 on the basis of January 1959 prices. It is estimated that, combined with Palisades as the bill provides, costs allocated to commercial power could be repaid with interest well within a 50-year period. Irrigation costs assigned to the combination could be repaid in about 50 years after full operation of the Burns Creek powerplant begins.

Economic analysis of the Burns Creek development made during the feasibility investigation indicated that its primary benefits alone exceed total costs in the ratios of 1.48 to 1.0 and 1.26 to 1.0, based on periods of analysis of 100 and 50 years, respectively. These ratios using January 1959 price indexes might change but such changes would be only slight since benefits from power would increase in about the same relative magnitude as would costs.

The bill would include as a project purpose the preservation and propagation of fish and wildlife, call for making reasonable provision in the Burns Creek development to achieve this purpose, provide for free public access to and use of the reservoir area for lawful hunting and fishing purposes, and provide for a minimum flow of water from the reservoir to benefit the fishlife downstream. These provisions conform to recommendations of the Fish and Wildlife Service which were adopted as an integral part of our project planning report.

Two provisions of the bill are deserving of special comment. Subsection (b) of section 4 would authorize the Secretary of the Interior to reduce by one-third certain contract obligations undertaken by irrigation interests which serve to compensate the beneficiaries of the Minidoka powerplant for losses of power resulting from storage in Palisades Reservoir, and to charge the total amount of the reductions to Palisades power revenues. We estimate that this charge to project power operations would be about $5,000 annually. It is our understanding that this provision is desired by local water user groups.

We make no objection to its inclusion in the authorizing legislation if the Congress should be inclined to adopt it, since it would have no appreciable effect on the feasibility or payout of the project.

Subsection (c) of section 4 would provide that construction of Burns Creek could not be commenced until 80 percent of its conservation capacity has been subscribed and until negotiations have been undertaken in accordance with section 4(b). We understand that this provision, too, is desired by local water user groups. While it is ordinarily not desirable to construct facilities the success of which depends upon water user repayments until repayment contracts have been entered into, it is the return from power that will carry the great bulk of the cost of Burns Creek. The 100,000 acre-feet of long-term holdover irrigation water would be used only a few times during project payout. The relatively minor part of irrigation in this project will have little bearing upon the success of the project. However, we anticipate that there will be no difficulty in meeting the requirements of section 4(c) and we offer no objection to it.

We recommend that the bill be amended in the following respects: (1) substitute the words "in connection with" for the words "in the works of" in line 15, page 3; (2) substitute the words "conservation and development" for the words "preservation and propagation" in lines 8 and 9, page 1, and line 18, page 3; and (3) substitute the words "section 2 of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C., secs. 661, 662)" for the words "section 2 of the Act of August 14, 1946 (60 Stat. 1080, 16 U.S.C. 662)" in lines 16 and 17, page 3. The first of these changes is suggested to clarify a possible ambiguity and the second and third to take cognizance of the recently enacted amendments of the Fish and Wildlife Coordination Act (Public Law 85–624, 85th Cong.).

A statement of personnel and other requirements that enactment of S. 281 would entail is attached in accordance with the provisions of Public Law 801, 84th Congress.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

DEPARTMENT OF INTERIOR—BILL TO AUTHORIZE CONSTRUCTION OF BURNS CREEK PROJECT, IDAHO

Estimated additional man-years of civilian employment and expenditures for the first 5 years of proposed new expanded programs

	1959	1960	1961	1962	1963
Estimated additional man-years of civilian employment:					
Administrative services and support:					
Clerical	4	8	8	8	7
Property management		1	1	1	
Stenographer	1	1	1	1	1
Total, administrative services and support	5	10	10	10	8
Substantive (program):					
Engineering aids	5	10	13	13	10
Engineers	5	9	11	11	7
Inspectors		6	9	9	9
Total, substantive	10	25	33	33	26
Total, estimated additional man-years of civilian employment	15	35	43	43	34
Estimated additional expenditures:					
Personal services	$80,000	$180,000	$220,000	$220,000	$175,000
All other	20,000	220,000	4,000,000	13,600,000	17,745,000
Total, estimated additional expenditures	100,000	400,000	4,220,000	13,820,000	17,920,000

BUREAU OF THE BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 20, 1959.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of January 19, 1959, requesting the views of the Bureau of the Budget on S. 281, a bill to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes.

The bill would authorize construction of the Burns Creek Dam, Reservoir, and powerplant to provide reregulation of water releases from Palisades Reservoir, atsite power production with an initial capacity of 90,000 kilowatts, and irrigation holdover storage of 100,000 acre-feet. The development would be integrated electrically, hydraulically, and financially with the Palisades project. The total cost of the Burns Creek development is currently estimated at about $45,380,000, exclusive of fish and wildlife and recreation facilities. It is estimated that the water users would repay $775,000 for irrigation storage over a 40-year period. Anticipated power revenues are estimated to be sufficient to meet annual operation costs, repay with interest the total allocation to commercial power, and repay the balance of the irrigation allocation in less than 50 years of integrated operation with the Palisades project.

The bill provides that costs allocated to fish and wildlife and recreation shall be nonreimbursable. The Bureau of the Budget con-

siders that the costs of minimum basic recreational facilities should be treated as part of the overall project costs and allocated to the major purposes of the project subject to the cost-sharing or reimbursement requirements applicable to such purposes. With respect to fish and wildlife facilities, the provisions of the bill may be inconsistent with the provisions of the Fish and Wildlife Coordination Act, as amended, which require that the Secretary of the Interior shall determine the share of the costs of any fish and wildlife development work which should be borne by non-Federal interests. Accordingly, the Bureau of the Budget would recommend that the bill be amended to delete the last sentence of subsection 3(b).

The Department of the Interior in a report it is submitting to your committee recommends several clarifying amendments to the bill. Subject to modification of the bill to incorporate the amendments proposed by the Department of the Interior and the amendment recommended above, there would be no objection to enactment of S. 281.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

DEPARTMENT OF AGRICULTURE

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 22, 1959.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate.

DEAR SENATOR MURRAY: We would like to make a voluntary report on S. 281, a bill to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes, because this bill would affect national forest lands under the jurisdiction of this Department.

This Department has no objection to S. 281, but does object to subsection 3(a), unless amended. Our position on this bill and the amendment thereto as herein recommended are the same as those expressed in our report of May 8, 1957, to you on S. 145, 85th Congress, a similar bill relating to the Burns Creek project. The amendment herein recommended was incorporated in S. 2757, which superseded S. 145 and passed the Senate on August 20, 1957.

Subsection 3(a) of S. 281 would authorize the Secretary of the Interior, in connection with the Burns Creek development, to construct minimum basic public recreational facilities and to arrange for the operation and maintenance of the same by an appropriate State or local organization or agency.

Some of the lands within the Burns Creek development are national forest lands withdrawn for reclamation purposes, and the authority granted the Secretary of the Interior under subsection 3(a) of the bill would result in duplication of authority between the Departments of the Interior and Agriculture, and would lead to confusion unless clarified. The Secretary of Agriculture now has authority to manage these national forest lands, so long as such use does not conflict with

reclamation purposes, and is developing and administering them, not only with respect to recreation but also for timber, grazing, and other resources. This Department is developing the national forests under a policy of integrated multiple use, whereas the authority that would be granted the Secretary of the Interior under this section would pertain only to recreation.

Under a memorandum of understanding entered into in January 1948, between the Bureau of Reclamation of the Department of the Interior and the Forest Service of this Department, it was agreed that the Forest Service would continue to administer national forest lands within a reclamation withdrawal for nonreclamation purposes whenever such lands were not in actual use in connection with any reclamation works. This memorandum of understanding has provided a satisfactory division of responsibility which should be continued.

The Department of Agriculture believes that it should administer the recreational facilities on national forest lands withdrawn for reclamation purposes. It objects to legislation which would give duplicating authority in this respect to the Secretary of the Interior.

The Department of Agriculture also believes that within exterior boundaries of the national forests, lands acquired for reclamation purposes and not needed for actual use in connection with reclamation works should become national forest lands. These lands and the resources thereof should be administered by the Secretary of Agriculture, subject to project uses, as ordinary national forest lands. This would include the recreational facilities thereon. We believe such lands can be most effectively and economically administered as national forest lands by the Department of Agriculture because of their intermingling with nearby and adjoining national forest lands.

The recommendations of this Department can be accomplished by adding a proviso to subsection 3(a). Starting on page 3, line 13, change the period to a colon and continue as follows:

"*Provided*, That all lands within the exterior boundaries of a national forest acquired for project purposes which are not determined by the Secretary of the Interior to be needed for actual use in connection with the project works shall become national forest lands: *Provided further*, That the Secretary of the Interior shall make his determination hereunder within five years after approval of this Act or, in the case of individual tracts of land, within five years after their acquisition by the United States: *And provided further*, That the authority contained in this subsection shall not be exercised by the Secretary of the Interior with respect to national forest lands without the concurrence of the Secretary of Agriculture."

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

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MINORITY VIEWS OF SENATOR BARRY GOLDWATER, OF ARIZONA

We are opposed to this committee reporting favorably S. 281. This bill would authorize the construction of the Burns Creek project on the Snake River in southeastern Idaho. The project at present price levels, according to the Bureau of Reclamation, would cost $48,790,000. The project would consist of a dam to be constructed about 30 miles below the Palisades project, also on the Snake River. This dam would be 176 feet high and 1,900 feet long; it would impound about 234,000 acre-feet of water and it would have installed in it 90,000 kilowatts of generating capacity. Of the storage capacity behind the dam, 17,000 acre-feet would be for reregulating the flow of the Snake River below the Palisades Dam; 100,000 acre-feet would be used for irrigation storage, and the remaining 117,000 acre-feet would be inactive capacity. Of the cost of this project, $47,872,000 would be allocated to power and only $849,000 would be allocated to reclamation, a small part of which would be repaid from power revenues. Thus the portion of the project's cost allocated to reclamation would constitute only 1.75 percent of its total cost.

This project is highly undesirable and unsound for several significant reasons:

(1) When first proposed the project had a low ratio of benefits to costs, and at the present time the project is barely feasible economically. In its original report on the project submitted to Congress in 1957 and based upon 1955 cost data, the Bureau of Reclamation estimated that the project would cost about $40,267,000, and the Bureau found that it had a benefit-cost ratio of 1.26 to 1 (85th Cong., H. Doc. 147, p. v). In arriving at this benefit-cost ratio it was assumed that the power investment would bear interest at only 2½ percent although reclamation law provides for an interest rate of 3 percent on power facilities. In previous hearings before this committee the Bureau of Reclamation admitted this to be the case. In 1957 the Department of Interior said that the project would cost $44 million and that it had a benefit-cost ratio of 1.19 to 1, still using interest on the power investment at only 2½ percent rather than the 3 percent. Now the Bureau admits that the project would cost over $48,790,000. But that agency has not submitted a recomputation of the benefit-cost ratio on the basis of this increased cost of construction. With the cost of the project at $48,790,000 and with interest on the power investment figures at 3 percent instead of 2½ percent, it is doubtful whether this project would be theoretically feasible in economic terms. In fact the Bureau of Reclamation told another committee, "Burns Creek would be impossible, standing alone."

(2) This project is not by any stretch of the imagination a reclamation project. With only $849,000 of the cost of the project allocated to reclamation, it is obvious that reclamation will derive but small benefits from the project. As stated previously, this would be only 1.75 percent of its total cost. Out of a total storage capacity of

234,000 acre-feet to be provided by this dam, only 100,000 acre-feet will be used for irrigation purposes. A regional director of the Bureau of Reclamation in hearings before a congressional committee admitted that this reclamation water storage would be used by irrigators only two or three times in any given 50-year period. Therefore, it is not proper to allege, as this bill does, that this project would be authorized to "assist in the irrigation of arid and semiarid lands * * *." This is another example of using reclamation as a vehicle for promoting public power to the detriment of reclamation.

(3) The bill also seeks to justify this project on the ground that it would reregulate the Snake below the Palisades project. Significantly, only 17,000 acre-feet out of the total storage of 234,000 acre-feet provided by this dam would be used for reregulating purposes; this would be only 7 percent of the total storage space involved. Further, not one penny of the cost of the project is being allocated to the reregulating function. Supposing this dam should be built to a height of 176 feet, as is provided in the Bureau of Reclamation report, will not reregulating works be required downstream from the Burns Creek project in order to protect the river banks and the intakes of reclamation projects further down the Snake? If reregulation is the major objective, it could be attained by building a dam with only 17,000 acre-feet of storage capacity at a cost of about $6 million.

(4) As a power project standing by itself it would produce very high cost power. Power from Burns Creek standing alone would have to cost an average of 5.27 mills per kilowatt-hour in order to recover all costs under reclamation law. The cost of steam power produced by privately-owned electric companies in the area is 5.48 mills per kilowatt-hour. Actually power from Burns Creek, according to the Department of Interior, would be marketed at the same rate as the power produced at Palisades Dam which now sells at an average of only 3.67 mills per kilowatt-hour. Obviously, should this happen, the Burns Creek deficit from power operations would be made up from any surplus that might result from the Palisades project. Thus any surpluses that Palisades might otherwise earn would be diverted from use for reclamation purposes and used instead to subsidize the electric bills of people who will be buying power produced at Burns Creek.

(5) Thus Burns Creek project would be positively detrimental to reclamation. If Palisades project stands alone it would repay all of its costs by 1990; and by the year 2016 it will have built up a surplus of $30,341,964 which as a part of the reclamation fund would be available to finance other reclamation projects. But if Burns Creek and Palisades are to be taken together and Burns Creek power sold under the Palisades rate schedule, all costs of the two projects to be recovered would not be repaid until the year 2015; and by the year 2016 the two projects together will have a surplus of only $1,776,196, as against a surplus for Palisades standing alone of $30,341,964. This would mean that if these two projects should be taken together there would be a net decrease of funds available to the irrigation fund by 2016 of $28,565,768.

(6) As a justification for the construction of this preeminently power project Mr. N. B. Bennett, Chief of Project Developmen Division of the Bureau of Reclamation, said to the subcommittee:

> Mr. Nelson has recently analyzed the power loads to be anticipated from the existing customers, if you please, that are now customers of the Federal Government in southern Idaho, and he finds that in order to meet that load alone we must have Burns Creek on the line starting in 1966 and that their loads will exceed the capabilities of the combined Federal system in southern Idaho by about 1972. If these are loads to be served which are now served by the Federal Government and are to be served by continuing Federal Government supply of power, it cannot possibly in my judgment have an effect on the Kemmerer steam plant.
>
> True, if the Utah Power & Light, or the Idaho Power, in whose market area most of these customers are, is the agency to serve these increased loads, then that is a different question, but these people now have contracts for power with the Federal Government and we believe that they should continue to receive from the Federal Government power to meet their growing loads.

It is obvious from this quotation that Mr. Bennett would justify the Government in building the project solely for the purpose of meeting the power needs of present customers of the Bureau of Reclamation. He says their load growth will require added power and the Bureau wants to continue to serve these customers itself. This would mean that the Bureau of Reclamation would be assuming a public utility responsibility; that is, it would be assuming the role of a privately owned electric company with the responsibility of building electric plants solely for the purpose of meeting the load growth of its customers.

Assistant Secretary of Interior Aandahl, in appearing before the Committee on Interior and Insular Affairs of the U.S. Senate earlier in 1959, strongly denied that the Department of Interior should assume utility responsibility:

> Mr. AANDAHL. I think it is incumbent on the Federal Government to encourage a maximum of local responsibility in meeting the growing power needs of the Nation. Because of that fact, we have tried to emphasize in all of our Federal power marketing during the period that I have been in my present position that the responsibility for total needs rests with local entities. We will be just as helpful as we can with the Federal power that is available from these multipurpose projects, and we know that power is of great economic advantage to the local people, and particularly to the preference customers. We do feel that it would be very unwise for us, as the marketing agent for all Federal power except that which is in the Tennessee Valley, to try to establish a total utility responsibility for any group of customers. We would be committing the Congress to expenditures of immeasurable amounts of money if we were to establish a policy of that kind. I think we would be derelict in our

duty if we did (hearings on Federal Power Marketing Problems, p. 261).

Mr. W. A. Dexheimer, who was Commissioner of Reclamation at the time Mr. Bennett made the previously quoted statement, said in a speech on August 17, 1957:

> Federal sources of power supply are clearly limited by hydroelectric phases of multipurpose projects. Congress for many years has indicated no disposition to permit construction of steam-electric facilities by the Government outside of the TVA area. Thus the Federal efforts in no way abrogate the responsibility of the utility industry, including cooperatives and municipalities, to meet the Nation's ever-increasing needs for energy.

Thus it is obvious that Mr. Bennett, in justifying this project as needed to supply the prospective needs of Bureau customers, was acting directly contrary to the announced views of his superior, the Commissioner of Reclamation, and contrary to the policy of the Department of the Interior as presented in statements of Assistant Secretary Aandahl who is responsible for departmental policy and activities in the field of water and power resources.

(7) There has not been presented any evidence before this or any other committee that there is now or that there is likely to develop in the near future any power shortage in this area. In fact the privately owned electric company that has a franchise to serve this area has made firm plans to build a steam generating plant of ultimately 300,000 kilowatts capacity that would furnish electricity to the same area where Burns Creek power would be marketed. This company has already made firm commitments relative to this new plant that involve substantial financial obligations. Further, there is every reason to believe that electricity will be available from this steam plant at least as soon as power could begin to flow from the Burns Creek project. Thus it is not in the least necessary to authorize this project in order to avoid a future power shortage in southeastern Idaho.

For these strong and persuasive reasons we believe that this bill should not be favorably reported.

BARRY GOLDWATER.

Mr. ROGERS. Because of the large number of persons who have asked to be heard on this legislation, I hope that all witnesses will cooperate by presenting brief oral summaries of their statements.

Let the Chair make this observation: We have another situation that has developed in that the housing bill will be taken up on the floor today and the House goes into session at 11 o'clock, which means that we will not be able to meet after 11 o'clock today. What will happen this afternoon, I do not know. We hope to go on in the afternoon with these hearings to give everyone an opportunity to be heard. If we do not get to sit later on this afternoon, the Chair and other members may be willing to work out something insofar as sitting perhaps tomorrow afternoon in order to make it possible for these people to be heard who have come a long way.

In most of these hearings, as most of you know, there is much repetition, and if we could coordinate these statements so we could make a complete record, it would certainly be appreciated by the Chair and, I am sure, the other members of the committee.

Mrs. PFOST. Mr. Chairman?

Mr. ROGERS. Mrs. Pfost.

Mrs. PFOST. Mr. Chairman, I have a statement from Senator Frank Church of Idaho, and in the essence of time the Senator asked me if I would please place his statement in the record as if read, and he would be happy to come over and testify if the committee wants him to do so.

I ask unanimous consent that the statement be placed in the record at this point.

Mr. ROGERS. Did you want to include the letter?

Mrs. PFOST. The letter is not necessary.

Mr. ROGERS. Without objection, the statement will be included in the record at this point.

Mr. BERRY. Mr. Chairman, reserving the right to object to that short statement—is that all it is?

Mr. SAYLOR. Mr. Chairman, I do not want to keep Senator Church from coming over here and putting anything in the record that we usually do, and the courtesy is usually extended to Members of the other body to do so, but I have gone through this and found many examples of things which, according to the Rules of the House, are not eligible for admission in the record unless personally presented by the Member himself.

Therefore, I am going to ask that this be withheld until I have had time to examine it and perhaps certain portions of it can be deleted.

Mr. ROGERS. We have the unaimous-consent request before us.

Mr. SAYLOR. Then I object.

Mr. ROGERS. The Chair must either have an objection——

Mr. SAYLOR. It can be put in the file. Most of the material included in the statement is the kind of thing which this committee has placed in the file and not burdened the record.

Mr. ROGERS. Does the gentleman from Pennsylvania then object to the document being placed in the file?

Mr. SAYLOR. Not in the file; no.

Mr. ROGERS. I mean in the record?

Mr. SAYLOR. Yes.

Mr. ROGERS. Does the gentleman make the unanimous-consent request that the Senator's statement be put in the record but that all portions that cannot properly go in the record under the rules be deleted?

Perhaps the gentlewoman from Idaho and the gentleman from Pennsylvania can get together on this.

Mrs. PFOST. In view of the objection, Mr. Chairman, I would withhold any unanimous-consent request and see whether Senator Church would like to come over and give his statement in full, if the committee has time to hear it.

(COMMITTEE NOTE.—Subsequently, unanimous consent was obtained for the insertion in the record of the aforementioned statement of Senator Frank Church of Idaho. The statement follows:)

STATEMENT OF SENATOR FRANK CHURCH (DEMOCRAT, IDAHO), BEFORE THE SUBCOMMITTEE ON IRRIGATION AND RECLAMATION OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS IN SUPPORT OF S. 281

Mr. Chairman, the bill to authorize the Burns Creek Dam and reregulating reservoir, to which I address myself, is S. 281, the bill which passed the Senate on July 24. I do not know whether your consideration will be of the Senate-passed bill but I will address myself to it and beg your indulgence for references which I make to amendments which were agreed upon when the bill passed the Senate.

This project enjoys the general approbation of the peeople of the State of Idaho. The project has been recommended by the administration, through its Department of Interior, Department of Agriculture, and approved by the Bureau of the Budget.

It is noteworthy that the Burns Creek Dam should draw support from such diverse sources. What manner of project is it to be so favored?

I. IRRIGATION AND RECLAMATION

The answer is that this is a genuine multipurpose project, notwithstanding the fact that, on its face, it would seem to be a power project.

In order to understand this properly, the physical characteristics of the upper Snake River area in Idaho must be described, and the history of reclamation in Idaho, reviewed.

The Burns Creek Dam is proposed at a stage of water resource development which has been reached after more than half a century of continuous growth and improvement in the facilities to control and use the water of the Snake River.

Irrigation development to Idaho's upper Snake River Valley began about 1879, when the water was supplied to hay lands by simple diversions from the river. Irrigation development then progressed, and, by 1900, more than 300,000 acres of land were under irrigation. This rapid expansion continued during the first years of the present century. Most of the land irrigated from surface waters above Milner Dam, situated near the midline of southern Idaho, was under cultivation before 1920. The most significant change since then, as will be hereafter pointed out, has been the rapid recent expansion of areas irrigated by pumping, from underground water.

Until 1900, the Carey Act was the congressional vehicle for much of the irrigation development. It authorized homestead grants as an aid to reclamation. But these were purely individual and local cooperative irrigation projects.

The Carey of the Carey Act was Senator Joseph M. Carey of Wyoming, one of the great names in western reclamation. He and such other Senators after him as Francis G. Newlands of Nevada, and Henry Clay Hansbrough of North Dakota, had the wisdom to champion a program for reclamation that has made a mockery of Daniel Webster's contemptuous description of the West. It was Webster who said:

"What do we want with this vast worthless area—this region of savages and wild beasts, of deserts, of shifting sands and whirlwinds of dust, of cactus and prairie dogs? To what use could we ever hope to put these great deserts and these endless mountain ranges, impenetrable and covered to their base with eternal snow? What can we ever hope to do with the western coast, a coast of 3,000 miles, rockbound, cheerless, and uninviting, and not a harbor in it?"

Mr. Chairman, what we in Idaho have always wanted out of our section of "this region of savages and wild beasts," is just a livelihood; so that we may be lucky enough to stay there.

Irrigated agriculture is the economic foundation of the upper Snake River Basin. Cereals, forage crops, and cash row crops (potatoes, beans, and sugar beets) and various livestock enterprises characterize the economy. Ninety percent of the famed Idaho potatoes come from this area.

In 1950, 143,000 people lived there, with practically all of this population associated with the irrigated plain.

But the Carey Act and the Desert Land Entry Act and local efforts under them, did not furnish an adequate answer to the challenge of the arid West. Large storage dams were needed.

Acrimony and constitutional arguments marked a decade of struggle for the Reclamation Act of 1902. This landmark legislation added to the law the concept that the Federal Government properly could provide for storage. In the words of Francis G. Newlands, then the Representative of Wyoming:

"* * * It becomes necessary * * *, in order to bring larger areas of land within cultivation, to resort to this system of storage, of establishing artificial reservoirs * * *, and of constructing canals and ditches at great expense, covering large areas of land by a comprehensive plan.

* * * * * * *

"* * * The limit of reclamation and settlement has been reached unless the Federal Government, acting, as it can, without regard to State lines, makes a scientific study of each river and its tributaries and so stores the water as to prevent the torrential flow in the spring and to increase the scanty flow in the summer."

Theodore Roosevelt, when he asked for this act, said:

"The reclamation and settlement of the arid lands will enrich every portion of our country * * *. The increased demand for manufactured articles will stimulate industrial production * * *. Indeed, the products of irrigation will be consumed chiefly in upbuilding local centers of mining and other industries, which would otherwise not come into existence."

By the time the Reclamation Act of 1902 was passed, as we have seen, the initial development of the greater part of the upper Snake River Basin in Idaho, irrigated by gravity flow, had been completed. These lands did not have the benefit of storage. Consequently, in this area, the primary function of the Reclamation Act of 1902 has been to provide storage for supplemental water for 90 percent of the irrigated lands, rather than to open new lands.

The first big project under this act was the Minidoka. The first storage at Lake Walcott, behind Milner Dam, was completed in 1909. By 1927, eight other storage reservoirs had been added in the upper Snake River Basin.

It was in 1927 that the huge, 1,700,000 acre-feet project of American Falls was completed. The gratification of the water users was boundless. Enough storage had been provided at American Falls, it was said, to assure adequate water for Minidoka project lands for all time to come.

But nature makes puny the works of man, and her inexorable ways are sometimes ironic. Only 3 years later, in 1930, a 5-year drought started which caused a crop loss which, in today's dollars, would pay more than half the cost of the Burns Creek Dam.

Palisades Reservoir was the answer to this further demonstration of the need for storage. Completed in 1957, Palisades increased the supply of stored water on the main stem of the Snake by 1,400,000 acre-feet, providing supplemental water for 650,000 acres of the land already irrigated, while furnishing a primary water supply to only 48,000 acres of new land.

Since Palisades stored supplemental water for land irrigated under water rights long established, it was necessary to allocate the water equitably. The various irrigation districts and individual users sought more water than Palisades could store, so the water users agreed to the inclusion in their Palisades contracts of a standard provision to guarantee that subsequently constructed storage should be treated as though it had identical priority with that in Palisades. Thus, even before Palisades had been completed, the need for added storage was recognized. One such subscription provision, extracted from a typical contract, is as follows:

"If the United States, under the Federal reclamation laws, herafter constructs storage facilities on the Snake River or its tributaries above Milner Dam in addition to those now constructed or authorized to be constructed to provide

water for irrigation purposes, the district hereby agrees that, notwithstanding the establishment of a storage right for such additional facilities with a priority subsequent to that assigned to Palisades Dam and Reservoir, the United States may hereafter contract with water users organizations which then have storage rights in Palisades Reservoir, to operate not to exceed 300,000 acre-feet of such capacity for the storage of water for irrigation for the benefit of such organizations as though that capacity had a storage right of identical priority with that held for Palisades Dam and Reservoir." [1]

The Burns Creek Dam which this bill would authorize would impound a 234,000 acre-foot reservoir. Of this, 100,000 acre-feet would be long-term irrigation storage. This storage, as we have seen, would be accorded equal priority rights to that contained in Palisades Reservoir.

This long-term holdover storage would provide insurance water to be used only during the period of extreme drought, and would be paid for by the water users on the same terms as Palisades storage.

Because Burns Creek "insurance" water might be needed only two or three times in a 50-year period, it does not follow that the dam confers only a "minor irrigation benefit." The water users of Idaho understand the fallacy of this argument. They know that "insurance" water is not unlike fire insurnace on a building—the policy is justified even though a fire is a rare occurrence.

The water users know the ways of the river. They know that they will collect on the Burns Creek policy. It is only a question of time. When they collect, they know that the margin of water supplied by Burns Creek Dam may well represent the difference between a crop, and no crop. This is why they urgently recommend the project.

The latest action of the irrigators was last month, when the managing group of the water users, the Committee of Nine, met on this bill. The minutes of their meeting of June 6, 1959, and a letter I recently received from J. H. Silbaugh, one of the members and president of the North Side Canal Co., are as follows

MINUTES OF MEETING OF COMMITTEE OF NINE OF SNAKE RIVER WATER USERS
IDAHO FALLS, IDAHO, JUNE 6, 1959, 1 P.M.

Committee members present: Leonard Graham, chairman; J. H. Silbaugh, Al Peters, Leo Murdock, David W. Dick, Cy Young, Frank Redfield, C. N. Scoresby, and Willis Walker. Advisory member, Merle Tillery; former chairman, N. V. Sharp; Lynn Crandall, Harold Nelson, Glenn Simmons, Henry Eagle, and several other water users.

Lynn Crandall discussed the proposed Burns Creek bill as amended. He stated that the amendment worked out by Senators O'Mahoney and Church provided that the installation of the power-generating facilities be scheduled by the Secretary on the basis of providing for the additional power requirements of preference customers rather than all facilities being installed at once.

The meeting called today is for the purpose of obtaining an expression of opinion of the water users on the amended bill. Mr. Crandall pointed out some of the benefits that Burns Creek will provide to all water users on Snake River. Burns Creek is the last site on Snake River in Idaho above Milner Dam where any irrigation storage can be made available.

Mr. Nelson stated that the amendment to the bill would in no way affect the provision that the power revenues from Palisades-Burns Creek would assume one-third of the annual costs of winter water savings at Minidoka now paid by water users. Demand for Government power is increasing faster than can be taken care of by addition of Burns Creek. He stated that the effect of the proposed amendment for delayed installation of all the power units would not extend the power payout period more than 1 year.

The following resolution was presented:

"RESOLUTION

"Whereas the Snake River water users at their two last annual meetings have unanimously approved the Burns Creek project; and

"Whereas at a recent meeting of the Senate Subcommittee on Irrigation and Reclamation of the Senate Interior Committee certain amendments were added to the original bill S. 281: Now, therefore, be it

[1] Extracted from a typical contract to be made with a company or district diverting from Snake River above American Falls Dam. Form A.

"Resolved by the Committee of Nine representing the Snake River water users, That we approve the bill as amended and request the members of Idaho's congressional delegation to give the amended bill their full support."

Moved by Silbaugh, seconded by Walker, that the resolution be adopted. Carried unanimously.

There was further discussion regarding opposition of power companies to Burns Creek and the 150-day shutoff of canals for winter water savings.

Meeting adjourned at 2:30 p.m.

C. N. SCORESBY, *Secretary.*

NORTH SIDE CANAL CO., LTD.,
Jerome, Idaho, July 13, 1959.

Hon. FRANK CHURCH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: As president of the North Side Canal Co., I would like you to know how much we appreciate the efforts that you have been putting in on the Burns Creek project bill.

As you have already noticed from the resolution passed by the Committee of Nine (which are the directors of district No. 36), they also appreciate your efforts in getting this bill and its amendments approved.

Yours very truly,

J. H. SILBAUGH, *President.*

Graphic proof that the water users do not consider the irrigation benefit either minimal or unimportant is found in their response to a circular letter asking them to indicate their needs for additional space in the proposed Burns Creek Reservoir.

This inquiry was made by Lynn Crandall, who, in 40 years—from 1919 until last year when he retired—had been elected and reelected as watermaster for the distribution of natural flow of the Snake River. He served during this period as district engineer of the U.S. Geological Survey and also as special deputy to the Idaho commissioner of reclamation with similar duties. He supervised the allocations of Palisades space.

For the proposed Burns Creek Dam, applications were received representing 141 percent of the available space, a total of 141,740 acre-feet. Fifty-three canal companies, irrigation districts, and individuals in this way indicated that they want and need the irrigation benefit of this project. This list of applicants is as follows:

BURNS CREEK RESERVOIR

A circular letter was sent October 8, 1958, to holders of Palisades Reservoir space asking that those who desire additional space in the proposed Burns Creek Reservoir file their applications for same. Replies have been received to date from 53 canal companies, irrigation districts, and individuals, making application for a total of 141,740 acre-feet in the Burns Creek Reservoir. Inasmuch as there is only 100,000 acre-feet of available space it will be necessary for the Bureau of Reclamation to appoint an allocation committee to allot the available space in accordance with the greatest needs of the applicants.

The following applications have been received:

	Acre-feet
C. Warren Blakely, Route 2, Rigby	250
Marion Blakely, Ririe	800
Jay, Keith, and Garth B. Bramwell, Star Route, Roberts	1,700
Butler Island Canal Co., Rigby	1,200
Melvin Danielson, Route 4, Idaho Falls	100
Danskin Ditch Co., Moreland	1,000
Dilts Irrigation Co., Ltd., Lorenzo	200
Enterprise Canal Co., Ltd., Rigby	20,000
Farmers Friend Irrigation Co., Idaho Falls	8,500
Marry Fell, Route 2, Rigby	300
Lee L. Frodsham, Route 2, Burley	900
Chester W. Geisler, Lorenzo	100
D. V. Hagenbarth, Island Park	320
Howard Hatfield, Box 625, Palisades	200
A. O. Hogan, Star Route, Ririe	300

	Acre-feet
Idaho Irrigation District, Idaho Falls	21,200
Island Irrigation Co., Lorenzo	2,500
Thomas W. Jackson, Route 1, Roberts	200
J. W. Jones, Route 2, Rigby	100
Vance C. Koon, Thornton	780
Labelle Irrigating Co., Rigby	800
Liberty Park Irrigation Co., Rexburg	1,000
Ralph O. Lounsbury, Route 2, Rigby	300
Lowder Slough Irrigation Co	1,000
Lee Marshall & Sons, Route 5, Idaho Falls	100
W. A. Miller, Box 154, Rigby	200
Milner Low Lift Irrigation District, Murtaugh	15,500
B. D. Murdock, Roberts	120
North Side Canal Co., Ltd., Jerome	16,600
Parks & Lewisville Irrigation Co., Rigby	6,000
Parsons Ditch Co., Blackfoot	300
Progressive Irrigation District, Idaho Falls	10,000
Reid Canal Co., Thornton	1,000
D. F. Richards, Idaho Falls	1,000
Rigby Canal & Irrigating Co., Inc., Rigby	1,700
Frederick J. Roth, Lorenzo	200
Richard Roth, Route 1, Thornton	100
Rudy Irrigation Canal Co., Rigby	800
H. Allen Sellers, Route 2, Rigby	500
Shattuck Irrigation Co., Idaho Falls	1,100
Ervin B. Smith, Thornton	200
Snake River Valley Irrigation District, Shelley	9,700
Francis Stoltenberg, Swan Valley	200
Sunnydell Irrigation District, Thornton	5,000
Texas Slough Irrigating Canal Co., Rexburg	1,000
H. W. Tomchak, Roberts	20
Utah-Idaho Sugar Co., Idaho Falls	4,000
Watson Slough Ditch & Irrigation Co., Blackfoot	650
Arvey A. Weeks, Swan Valley	400
Ivan R. Weeks, Swan Valley	200
Virgil Rutledge, Lorenzo (White ditch)	200
Lloyd Wilkins, Star Route, Ririe	100
Woodville Canal Co., Idaho Falls	1,100
Total	141,740

So it is evident that the Burns Creek Dam will serve the interests of multiple-purpose development of the upper Snake River. Its contribution directly to irrigation, in furnishing insurance water—long-term holdover storage—is not only in line with the historic pattern of reclamation development in the area, but also meets a real and felt need of the irrigators themselves.

II. POWER

But, notwithstanding the important irrigation benefit it confers, the fact remains that power revenues will pay for 98 percent of the cost of the Burns Creek Dam.

Can we conclude from this fact, as has been charged, that this is purely a commercial power project in disguise; that it is being built only to add another block of Federal power to compete with the private utility companies in the area?

Indeed we cannot. The facts are otherwise.

In this regard, Mr. Chairman, we must remember that in Idaho, from the beginning, there has always been a close connection between power generated at Government dams and reclamation. The report covering the first Federal reclamation project in Idaho, the Minidoka project, not only provided for storage for gravity-flow irrigation, but also recognized that the electric power that could be generated, by reason of the existence of the storage reservoir, had an equally direct connection with irrigation. "It is possible," the report affirmed, "to generate over 10,000 horsepower, which can be used to pump and supply water to about 53,000 acres above the gravity canals."

Application of the storage reservoir to the generation of electricity to pump water onto land lying higher than that which can be served by gravity has been an integral part of reclamation development in Idaho ever since that time.

When the Palisades Dam was reauthorized in 1950, the dual concept of insurance water, plus the use of the reservoir to provide low-cost pumping power for irrigation, was again recognized. In planning for Palisades, $9 million of the anticipated $76 million cost was allocated to irrigation pumping power, and of the actual cost, which was only $63 million, $8,223,000 was allocated to this purpose.

The electric power generated at Government dams in southern Idaho has furthered irrigation in several ways. In some cases, it has been used to lift water to the higher lands forming part of the reclamation project being developed; in other cases, it has been sold to electrical cooperatives, preference customers serving the pumping needs of farmers who irrigate from their own wells. Much of the power to be generated at Burns Creek would be utilized by irrigators for pumping.

In conjunction with its general reclamation program, the Bureau of Reclamation now operates five hydroelectric plants in southern Idaho, with a total installed capacity of 163,900 kilowatts. A list of these powerplants, their respective capabilities, and the gross revenues realized from them in 1957 is as follows:

Plant	River	Rating (kilowatt)	Maximum capability (kilowatt)	Minimum capability (kilowatt)	Initial operation
Minidoka project: Minidoka	Snake	13,400	15,000	15,000	May 1909.
Boise project:					
Diversion dam	Boise	1,500	2,000	2,000	May 1912.
Black Canyon	Payette	8,000	10,000	10,000	December 1925.
Anderson Ranch	Boise	27,000	34,500	16,500	December 1950.
Palisades project: Palisades	Snake	114,000	[1] 114,000	58,000	February 1957.
Total		163,900	175,500	101,500	

[1] Maximum capability not yet established by tests and experience.

NOTE.—The calendar year 1957 sales from these powerplants amounted to $2,066,421 for $651,061,832 kilowatt-hours. The overall average revenue was 3.16 mills per kilowatt-hour.

Once the Federal Government began to build large storage dams, it soon became obvious that single-purpose dams were extravagant and wasteful. The multiple-purpose dam, designed to most efficiently utilize the water resource at the site, for maximum irrigation, flood control, power, navigation, recreation, and wildlife benefits, was demanded. The multiple-purpose dam meant that more power could often be generated at the project site than was necessary for the immediate needs of the project. This excess power could be marketed, and revenues realized from its sale could repay the Government, with interest, for an allocated portion of the project cost. Thus the irrigators would not have to bear the whole cost of a project, but it could be apportioned among the various interests benefiting from it. This is still another—and most important—way that public power serves the ends of reclamation.

Congress has long ago established the policy which governs the marketing of public power. The excess power developed by the Government plants in southern Idaho is sold in accordance with the Reclamation Act of 1939, which reads in part as follows:

"* * * preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936."

It was the REA program, of course, that brought electricity to the countryside, to the farmer, to the mountaineer, to the people that the private utility companies were not willing to reach out and serve. The rural electrical cooperatives in southern Idaho were made possible by REA loans, through which their distribution facilities were constructed, and by their preference right to obtain firm power at modest rates from the Government dams.

These co-ops themselves have become an instrument for reclamation. The hydraulic pattern of electrical generation at irrigation dams in Idaho makes blocs of seasonal firm power for irrigation available at cheap rates, so the co-

ops have been able to secure and supply power for pumping water onto arid land beyond the boundaries of Federal projects. Here is still another way that power is directly related to reclamation in Idaho.

The marketing of Federal power is confined to wholesale customers. There are 20 preference customers presently purchasing power from the Bureau of Reclamation in southern Idaho. A list of these customers having contracts with the Bureau, showing the contract rate of delivery and the demand of each, follows:

Commercial power contracts

	Contract rate of delivery, kilowatts		Highest recent maximum demand, kilowatts			
	Winter	Summer	Winter		Summer	
Boise project: Prairie Power Co-op	250	250	October 1956	292	August 1957	372
Palisades project:						
City of Idaho Falls	18,000	16,000	January 1958	17,073	May 1957	12,933
Fall River REA	1,900	3,100	December 1952.	1,052	September 1957	2,747
Lost River REA	3,500	4,100	March 1957	2,581	June 9957	2,305
Lower Valley REA	2,600	2,300	January 1958	2,592	August 1957	2,700
Subtotal	26,000	25,500				
Minidoka project:						
Albion	460	310	do	352	May 1956	272
Burley	7,600	5,900	November 1957.	5,600	do	4,400
Declo	240	170	January 1956	216	September 1957	202
Heyburn	640	440	January 1958	620	do	400
Minidoka	250	200	do	130	do	98
Rupert	5,400	4,000	January 1957	4,000	do	3,100
East End Mutual Electric Co	570	440	February 1956	452	do	356
Farmers Electric Co	320	240	February 1957	219	do	210
Raft River Rural Electric Co	1,050	7,000	October 1956	3,086	July 1957	9,100
Riverside Electric Co	440	390	February 1958	356	September 1957	328
Rutal Electric Co	1,800	1,800	February 1957	1,422	September 1956	1,422
South Side Electric Co	800	1,900	January 1958	676	do	1,376
Unity Light & Power Co	2,320	1,990	do	1,908	September 1957	1,684
Walcott Electric	150	130	February 1957	106	do	89
Paul Electric Co	1,550	1,150	November 1957.	1,376	do	1,024
Subtotal	23,590	26,060				
Total	49,840	51,810				

Exclusive of the municipalities, preference customers serve 18,000 customers in southern Idaho from power secured from the Federal Government. Under contracts which they made when they obtained their loans from REA, these cooperatives are bound to carry a full utility responsibility in the areas they serve. Consequently they have been subject to the same growth factors which affect the use of electricity nationwide.

But in addition to the steadily rising loads from new deep-freezes, television, electric dryers, air-conditioners, and the myriad of conveniences available to all America, these customers of the government have had, so to speak, to make up for lost time. Their rate of growth has been double the national average.

Consequently, in southern Idaho, since about 1953, there has been a recurrent crisis in the power supply of the preference customers. Palisades Dam went on the line barely in time to meet their burgeoning demand.

Naturally there are some who would like to see the cooperatives starved out. REA cooperatives in Idaho have not the resources to install generating facilities of their own, and if Burns Creek Dam, which would double the firm power capability of Palisades, can be defeated, they will eventually be thrown upon the mercy of the private power companies, with predictable results.

The benefits of the preference clause do not result in a monopoly in the federally generated power for the preference customers. The principles of wise management of the power resource prevent the Bureau of Reclamation from

contracting to such customers any power beyond the amounts which the river's fluctuations will permit it to deliver dependably. The preference customers get all of the firm power of the Federal dams, but the firm power is by no means all that the dams generate.

The two biggest customers of the Government at Palisades happen not to be cooperatives or other preference customers, but the Utah Power & Light Co., and the Idaho Power Co., the two private utilities which operate in southern Idaho. Seasonal and dump energy from Palisades totaling a third of a billion kilowatt-hours, out of a total of a little over half a billion, was sold to these private utilities in 1958. The schedules are as follows:

Palisades power sales, year 1958

Customer	Energy (kilowatt-hours)	Revenue
Idaho Power Co	193, 541, 000	$822, 244
Utah Power & Light Co	144, 129, 000	325, 744
City of Idaho Falls	66, 587, 000	336, 046
Fall River REA	8, 002, 000	40, 985
Lost River REA	11, 640, 000	53, 660
Lower Valley REA (Wyoming-Idaho)	7, 300, 000	44, 782
Michaud project pumping	4, 859, 000	14, 982
Minidoka North Side pumping	72, 454, 000	226, 504
Milner low lift pumping	2, 891, 000	5, 672
Minidoka power system	17, 307, 000	84, 175
Total	528, 710, 000	1, 689, 794

NOTE.—The above figures do not include miscellaneous uses at Palisades Dam of 1,618,000 kilowatt-hours and $8,057. Included in the 1958 sales to the Idaho Power Co. and Utah Power & Light Co. are 103,749,000 kilowatt-hours and $311,247 reserved for future loads and sales to preference customers of the United States but not required for such loads in 1958.

The need for the Burns Creek Dam cannot be questioned. Already the preference customers in southern Idaho consume all of the firm power produced for sale by the Bureau of Reclamation at its existing dams.

It takes several years from the time a project is authorized until it is on the line, and needs must be forecast. In southern Idaho, the load growth of the preference customers has consistently outstripped forecasts.

In 1955, the sum of the contract rates of delivery of power to preference customers has grown beyond the Bureau's ability to supply the power, and the Bureau arranged temporarily to secure power from the Idaho Power Co. to make up the shortage, until Palisades could be completed.

Although Palisades ameliorated this situation, as long ago as April 1957, the Assistant Secretary of the Interior, Fred G. Aandahl, wrote to me that:

"It is anticipated that by 1963 all dependable seasonal power other than 14,000 kilowatts will be needed by irrigation loads for pumping, thus limiting the seasonal firm power available to the Minidoka project to 14,000 kilowatts."

In his letter, he further said:

"Obviously, the Bureau cannot do more until additional Federal powerplants are constructed in this area. The potential Burns Creek development which has been forwarded by this Department to the Congress would develop needed power."

The following letters are examples of the growing demand for power of the separate customers. I received these earlier this year, one from the mayor of Burley, Idaho, and the other from the manager of the Fall River Rural Electric Cooperative:

CITY OF BURLEY,
OFFICE OF MAYOR,
Burley, Idaho, February 27, 1959.

HON. FRANK CHURCH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR CHURCH: Recently I read in the newspaper where you and Senator Dworshak had jointly introduced another bill to authorize Burn Creek.

This is good news since the shortage of power is still with us, and the demand for electric energy is increasing steadily. The city of Burley alone used 1,000 more kilowatts last year than was used the previous year.

There is still no opposition to Burns Creek in Idaho that I am aware of. Therefore, it is hoped you will again be successful in obtaining favorable action by the Senate.

The good work you are doing is very much appreciated by all of us, and if there is anything that can be done to help out from this end, please do not hesitate to call upon us.

Respectfully yours,

J. L. SALMON, *Mayor*.

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.,
Ashton, Idaho, April 11, 1959.

Senator FRANK CHURCH,
U.S. Senator,
Washington, D.C.

DEAR SENATOR CHURCH: I have been reading in the newspapers about the opposition the Burns Creek project has run into with the Utah Power & Light Co. and U.M.C. I also note that Idaho Power Co. is joining in the opposition. In reading your remarks in the newspaper, I cannot add much to your knowledge regarding the Burns Creek project. However, I feel I should write to let you know the power problem of the Fall River Rural Electric Cooperative, Inc.

We have contracted for a peak of 3,100 kilowatts of power from the Palisades project this year based on the average increase per year over the past 10 years, our peak requirement will reach 3,465 kilowatts. We have applications from prospective members for an additional 450 kilowatts. According to Utah Power & Light Co. assertions that there is ample power in the area, they evidently expect us to buy from them. They bled us for 18 years. They would like to do it again.

Prior to Palisades power the Utah Power Co. could not keep the voltage high enough during our peak load to keep members satisfied. We contacted the plant superintendent who advised that they were doing all they could to help the voltage situation. It wasn't corrected until Palisades came on the line.

We cannot promote the use of power until we have power to sell.

I also want to point out that this cooperative to the best of my knowledge has the highest rate of any power supplier in the State of Idaho. The only way we can cut our rates down in comparison to other companies is by the use of power. It cannot be done if we are priced out of the market.

I wish to thank you for the time and effort spent in support of the Burns Creek project. I am sure if this drive is continued we are bound to win.

Yours very truly,

E. W. ROBERTS, *Manager*.

The greatest demand for power in southern Idaho is in the summer, to serve the irrigation pumping load. Downstream, in Washington and Oregon, the greatest demand is in the winter. Upstream, the water is stored to be emptied into the canals and through the power generators in the summer; downstream the opposite pattern prevails. The hope that this matching pattern might be better utilized caused me, early in 1958, to request the chairman of the Senate Interior Committee to call a hearing on Columbia Basin power problems, where all the relevant data were brought forward by the Bonneville Power Administration, the Bureau of Reclamation, and by the preference customers of southern Idaho who knew that they had to find additional power to meet their growing needs, before Burns Creek could be built.

The Bureau of Reclamation told the committee that it was possible to get a considerable block of additional firm power without the addition of any new facilities, by integrating with downstream plants, and that it would begin and pursue vigorously negotiations with Idaho Power Co. toward this end.

It is gratifying to me that as of this time, the form of a contract has been agreed upon which has the effect of firming up an additional 30,000 kilowatts of output from the Bureau's plants in Idaho, which will be made available to the Bureau's preference customers.

This contract was near enough to execution, when the hearings on this bill were held, for this additional block of power to be taken into account in projecting the power supply-demand curve for southern Idaho.

At these hearings an annual growth rate of 8 percent was forecast. Based on this assumption, and taking into account the integration contract with Idaho Power Co., demand would catch up with supply in 1964. Burns Creek, if ready by then, would be fully utilized by 1966.

After the hearings, the regional director went back to Boise, instructed by the committee to recheck the load growth projections. He has reported subsequently that they were too conservative. On July 10 of this year, in a memorandum, he reported that the Bureau's preference customers have now furnished load estimates which indicate that the Bureau's firm power supply will be inadequate for their requirements beginning with the summer of 1963. In his words, "it is now more than ever apparent that Burns Creek power will be required for preference customer loads as soon as it can be constructed."

The upper Snake River Basin is an area I am proud to represent. Its thriving economy is a healthy bastion of independent, private enterprise in this country. There the family farm still predominates.

In the cities, like Idaho Falls and Burley, beautiful parks and well-lit streets hide the fact that this was once bleak desert. The independent business man is the typical member of the chambers of commerce and service clubs—not the local representatives of absentee businesses.

This thriving area is a monument to the wisdom of past Congresses. Think what an effort it must have been when the West was a week away from Washington, for a small band of western visionaries in Congress to persuade their colleagues, accustomed only to common law concepts of riparian rights, of the propriety of the western doctrine of appropriation of water to beneficial use, and the principle that the Government ought to provide storage in order to fully utilize the precious water of the arid West.

The idea that electric power could contribute to irrigation by pumping water was a giant stride forward in the history of reclamation.

The assistance of loans and the right to purchase Federal power in the rural electrification program has done as much for the well-being of rural families as any policy ever adopted by Congress.

This is no time to turn the clock back. The Burns Creek Dam, which would be authorized with the passage of the pending bill, is not a radical innovation. It is the next step forward in a self-supporting program which has brought the area to its present levels of productivity, and will carry it to new heights. It is in the best tradition of multiple-purpose development which has permitted the West to bloom and prosper.

III. BURNS CREEK—A LOGICAL EXTENSION OF PALISADES

Physically, Burns Creek Dam would be located 30 miles downstream from Palisades Dam. The Bureau of Reclamation in 1957 recommended that a dam, powerplant, and reservoir should be built at this downstream site to provide the means for more fully utilizing the capabilities of the power generators at Palisades, by permitting an unrestricted peaking operation there, leaving to Burns Creek the function of reregulating the storage for irrigation.

In other words, Palisades is the parent and Burns Creek is the satellite. Because the irrigators have the right to a steady flow, it has not been possible to operate Palisades generators to the full extent of their potential.

If the water released at Palisades can be checked at Burns Creek to meet the irrigation-water commitments, the resulting improvement enables the combination of Palisades with the smaller plant at Burns Creek to turn out twice as much total energy, and more than two and a half times as much critically important firm power as Palisades now provides alone.

A table showing the average amount and classification of energy expected to be available for the two plants, as compared to Palisades alone, is as follows:

TABLE 3.—*Sales and revenues, Burns Creek (90,000 kilowatts) and Palisades (114,000 kilowatts)*

Class of energy	Sales (million kilowatt-hours per year)	Annual revenue
Firm	466.2	$2,152,900
Federal project use	130.9	392,700
Seasonal nonfirm	136.8	410,400
Dump	287.1	574,200
Total	1,021.0	3,530,200

TABLE 4.—*Sales and revenues, Palisades (114,000 kilowatts)*

Class of energy	Sales (million kilowatt-hours per year)	Annual revenue
Firm	168.0	$782,300
Federal project use	130.9	392,700
Seasonal nonfirm	95.0	285,000
Dump	184.0	368,000
Total	577.9	1,828,000

Burns Creek Dam is a part of the Palisades electrically and hydraulically by virtue of the physical characteristics of the river, as I have described them. It is a part of the Palisades project financially as a matter of common sense, and prudent governmental policy.

Here is what the Senate committee reported:

"DESCRIPTION OF BURNS CREEK DAM, RESERVOIR, AND POWERPLANT, PALISADES PROJECT, IDAHO

"The Burns Creek development would be located on the Snake River in Bonneville County, Idaho, about 30 miles downstream from the Palisades Dam of the Bureau of Reclamation. It would be integrated electrically, hydraulically, and financially with the existing Palisades project.

"The prime purpose is reregulation of releases from the Palisades Reservoir to prevent undesirable fluctuations in river stages and thus would result in more efficient use of the Palisades project. At-site power production, holdover storage for irrigation, recreation, and the preservation and propogation of fish and wildlife are other purposes of the Burns Creek development.

"The proposed plan is to construct a 176-foot-high rolled earth-filled dam to form a 234,000-acre-foot reservoir. In addition to use of reservoir capacity to reregulate Palisades releases and maintain power head for the proposed 90,000-kilowatt powerplant, 100,000 acre-feet of capacity will be available for long-term holdover irrigation storage purposes. * * *

"The most effective use of both the Palisades and Burns Creek developments would be obtained through their combined operation. Without downstream regulation, for instance, the operation of Palisades powerplant would be limited by restrictions on streamflow fluctuations below Palisades Dam. The integrated or combined operation would permit the prime power output from the Palisades powerplant alone to be more than doubled.

* * * * * * *

Notwithstanding the fact that this project enjoys general approval in my State, from the waterusers, the REA co-ops, municipalities, and the public, as a sound extension of the Palisades project, the Idaho Power Co. has announced against it, and the Utah Power & Light Co. appeared before the Senate committee to actively oppose it.

What are their arguments, and what are the answers to them?

IV. POWER COMPANY OPPOSITION

A. Irrigation a "minor" benefit

The power company's spokesman listed as a first objection that "irrigation benefits are very minor."

There are two answers to this objection:

First, as we have seen, the history of the development of irrigation shows conclusively that the concept of holdover storage—insurance water—is the most important irrigation concept in southern Idaho, governing all Federal development since 1920. If this had not been the test, we would have had no storage after American Falls. The fact that you may rarely collect on your insurance policy is no excuse for not having one, and the waterusers of Idaho thoroughly understand this, even though the utility company apparently does not.

The second answer has also been explained in detail—much of the power production of the project will be used for irrigation pumping.

The average seasonal cost to the Idaho farmer purchasing power generated at Federal hydroelectric plants, to irrigate 1 acre by pumping, is $4.60, as compared to $10.40 per acre at the Utah Power & Light Co.'s rates. As the committee concluded, much of this land could not be economically served with irrigation pumping at the private utility rate.

B. Feasibility

The second major objection urged is that this is not a feasible project.

Determination of feasibility, under the provisions of section 9(a) of the Reclamation Act of 1939, which imposed statutory standards, is the responsibility of the Bureau of Reclamation. In addition to satisfying their own lawyers, the Bureau's administrators must secure the concurrence of the Bureau of the Budget, under the Budget Circular A–47.

The Senate committee thoroughly reviewed all the arguments adduced by the power company, and concluded that the Bureau of Reclamation had acted in accordance with the law and applicable regulations in making the requisite determination of economic feasibility.

The Congress is not in a position to get into the complexities of payout data, allocations, and the like. In the Senate committee the company's spokesmen and the Bureau officials were required to take their differing computations into the conference room and come out with agreement, if possible, on the mathematics. On the basis that the interest-bearing debts were repaid first, the Bureau and the company wound up in close agreement on lengths of the various repayment periods.

The Congress gave the Bureau the duty of determining feasibility under specific criteria. The Bureau has certified that the project is feasible within these standards.

Nevertheless, it may be worthwhile to point out the fallacy of the company's argument that Burns Creek should not be considered as an integral part of Palisades.

The reasons why Burns Creek was investigated, designed, and proposed on the basis of hydraulic, electrical, and financial integration with Palisades have already been discussed. If a manufacturer should decide that adding a smaller unit to his main plant would more than double his production, it is doubtful that he would waste his time on the academic question of what his unit cost of production at the second plant would be if the first plant didn't exist. We've seen that Palisades is already there, and that Burns Creek and Palisades together will more than double the output of Palisades alone. It is less than businesslike to ask the Government to be so unrealistic as to ignore the existence of Palisades, the parent structure, in calculating costs and benefits of Burns Creek, the reregulating plant.

No business would do it that way. The Utah Power & Light Co. would not calculate the economic desirability of a new steam unit as if the hydroplant with which it was to be integrally operated weren't there.

The same thing is true as to the rate structure. Burns Creek power is to be marketed at the Palisades rates. The Bureau of Reclamation can't be in the position of charging its customers different rates, the determination to be based upon the plant that originates the energy. The Utah Power & Light Co. could not be expected to distinguish between its customers based on whether the energy they consumed came from its hydroplant at Grace, Idaho, where its cost of generation is 1.33 mills per kilowatt-hour, or its steamplant Hale No. 2, where the cost is 4.24 mills, or its diesel plant at Vernal, where its cost is 14.18 mills.

C. Need for reregulation

Much the same comments must be made with reference to the objection that the suggested need for reregulation has not been proven, or that it could be provided in any event at an estimated cost of less than $9 million.

The long-term holdover storage, the power features of Burns Creek in conjunction with Palisades, and all the other benefits have been calculated by the responsible engineers to produce development of the site. This accords with the statutory standards established by Congress for this type of works.

D. There is no power shortage in the area

At the hearings before the Senate committee, spokesmen for the Utah Power & Light Co. contended there was no power shortage in southern Idaho, and that the Burns Creek Dam threatened somehow to intrude upon the market served by the private utility.

I have already fully documented the incontrovertible facts of the imminent shortage of power facing the very preference customers now purchasing the available firm power output of Palisades and the other Bureau dams. It is not necessary to repeat these facts here. However, the Bureau of Reclamation has no intention to permit the Burns Creek Dam to intrude upon the market of the Utah Power & Light Co.

V. CHURCH-O'MAHONEY AMENDMENT

There is little doubt but that the present preference customers will need the power developed by Burns Creek by the time the project is completed. But it will be seen, in S. 281, that an amendment has been added to this bill which would require the Secretary of the Interior to schedule installation of generators at Burns Creek, based upon the actual load growth requirements of these preference customers.

The only customers served by Palisades which do not fall in the preference category are the Utah Power & Light Co., and the Idaho Power Co., both of whom get only secondary energy. All of the firm power is committed to the preference customers. Nevertheless, in the effort of the Senate committee absolutely to preclude the possibility of competition between the Bureau and the private utility companies, this amendment, sponsored by the distinguished Senator from Wyoming, Mr. O'Mahoney, and me, was agreed to:

"* * * Installation of power generating facilities shall be scheduled by the Secretary on the basis of providing for the additional power requirements of those entitled to preference in the purchase thereof under the Federal reclamation laws."

The preference customers are entitled to look to federally generated power for energy to meet their load growth. This is in accord with long established Federal practice.

It should be noted that of the preference customers in the vicinity of Palisades, only 4 out of the 20 which buy from the Bureau of Reclamation are in the service area claimed by the Utah Power & Light Co. Not one of these is presently buying any power from the Utah Power & Light Co. The Burns Creek Dam, as authorized by this bill, cannot invade the market of the Utah Power & Light Co.

VI. OPPOSITION OF COAL INTERESTS

The last subject I want to treat with is the opposition of the coal interests in Wyoming.

The objections came first from the United Mine Workers district president. One of these was that the project was uneconomic, and data was presented identical to that theretofore presented by the Utah Power & Light Co. Also, however, it was asserted that hydroelectric plants should not be developed in the face of the unemployment situation in the coal industry.

Senate committee inquiry in March of this year developed that the real concern of the coal people was the fear that, should Burns Creek be built, the Utah Power & Light Co. would defer its plans to build a steam generating plant at Kemmerer, Wyo.

When Senate hearings were resumed in May, this matter was clarified. The Utah Power Co. submitted documentary evidence and gave testimony that its plans at Kemmerer, were firm, and that Burns Creek Dam would not postpone the construction of their Kemmerer plant.

Notwithstanding, the coal company persists in the contention that the coal mine employment will be adversely affected. There is nothing wrong with their

arithmetic. The trouble is that it is only arithmetic, for it is merely an arithmetical computation to determine how much coal would be necessary to produce an amount of energy equivalent to that which would be produced by Burns Creek.

The fallacy is, as we have already seen, that a great amount of the energy from Burns Creek is to be used for irrigation pumping loads, at rates possible with hydroelectric generation but not possible with thermal generation. Failure to develop Burns Creek will not divert this load to thermal sources.

The situation of the irrigation pumpers, who can't afford steam generated electric power, but can afford the hydroelectric power which is produced when the reservoirs are being released to fill the irrigation canals, demonstrates the tie-in between power development and reclamation which is the keystone of the development of the arid mountain West.

But this is only part of the story. It is well known that the Northwest, and the country at large, is approaching the end of its hydroelectric capability. Our fast-growing population, and the relatively faster-growing use of electricity, portends that by 1890, even in the bountiful hydro area of the Northwest, a substantial percentage of electric requirements will have to be met with consumable fuels.

In areas like ours, these fuels furnish their highest contribution in their ability to level out the fluctuations in energy generation which depends on river-flow, and is subordinate to irrigation requirements. Fuels cannot replace the river, but they can supplement it. Taken with the river, these fuels are put to their most efficient use.

To burn coal, oil, or gas while water is falling unchecked toward the sea, is a wasting of assets. Coal is and will be required, and in increasing amounts, but to say that primary reliance should be on coal while cheaper hydropower is available, is not only shortsighted and wasteful, but contrary to the management principles the private utility itself follows. It is contrary also to the practices of Congress in the development of the rivers of the West, over the past half century.

CONCLUSION

Burns Creek has claimed long and sustained effort on my part. This is a project which has general approval in Idaho, which is recommended by the administration, which is backed by our whole delegation in Congress.

The merits of the project cry out for recognition. The insurance water it will provide may well prevent a crop loss more severe than the cost of the dam. As a natural extension of the Palisades project, Burns Creek Dam will re-regulate the flow of the Snake River so that its parent structure may be operated for optimum benefits. Burns Creek will supply urgently needed firm power for the shortage-plagued cooperatives and other preference customers, at pumping rates the irrigators can afford.

Finally, Burns Creek Dam will pay for itself, with interest, in less than 50 years. It is a wise and prudent public investment.

That is why I have so fully reviewed the facts, to place the Burns Creek Dam in its proper perspective in the continuing story of the development of Idaho's greatest artery of life, the Snake River.

Two years ago, I concluded my presentation to the Senate on the bill to authorize Hells Canyon Dam with words every bit as applicable to the bill now pending before us. I said:

"The issue that underlies this bill is as old as history and as broad as man's experience. All that we really have to sustain us, fundamentally, is the air, the soil, and the water. These are the elemental things of life. Civilizations that ill-used the soil and the water, have quickly withered and died, for nature's penalty is inexorable. But proud and prosperous have been the civilizations that understood the Scripture:

"'He sendeth the springs into the valleys, which run among the hills * * * He causeth the grass to grow for the cattle, and herb for the service of man.'

"Those empires that wisely utilized the water endured the test of centuries. Ancient wells, aqueducts, and reservoirs, some still serviceable after two millenia, attest to the lesson well learned.

"Mr. President, this bill will put a wondrous water resource to wise and efficient use. It is a bill that serves no interest, save the people's interest. It is a good bill. It should pass."

Mr. ROGERS. Does the gentlelady have a statement?

Mrs. PFOST. Yes, Mr. Chairman. I have a short statement.

Mr. ROGERS. You may proceed.

STATEMENT OF HON. GRACIE PFOST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mrs. PFOST. Mr. Chairman, I deeply appreciate your courtesy and generosity in granting my request to hold this hearing so late in the session, particularly in view of the heavy demands on your time and that of the other members of this committee. However, I can assure you that the vital importance of this project to the people of Idaho justifies any attempt to expedite action on this legislation.

Alhough the site of this project is outside my own First Congressional District, the magnitude of its benefits and the far-reaching implications of its construction and operation go beyond any district boundaries.

First of all, let me describe to you the proposed Burns Creek development on the Snake River in Bonneville County, Idaho. To be located about 30 miles downstream from the Palisades Dam of the Bureau of Reclamation, Burns Creek would be integrated electrically, hydraulically, and financially with the existing Palisades project.

The close tie-in of Burns Creek with Palisades would result in much more efficient operation of that project. As a matter of fact, when the Palisades development was completed 2 years ago, it was recognized that Burns Creek would have to follow.

The prime purpose of Burns Creek is reregulation of releases from the Palisades Reservoir for more efficient operation of the overall Palisades project. The plan is to build a 176-foot high rolled earth-filled dam to form a 234,000 acre-foot reservoir and a 90,000 kilowatt powerplant. Estimated construction cost is $45.4 million—about $20 million less than the Palisades cost.

Of the 234,000 acre-feet reservoir capacity, 100,000 acre-feet would be used for long-term holdover irrigation storage. In other words, it would constitute effective and vitally needed insurance in time of drought to 650,000 acres of irrigated land along the Snake River downstream to Bliss, Idaho.

The entire construction cost, except for $49,000 allocated to recreation, would be repaid within 50 years of integrated operation with Palisades through power revenues. But more than that, Burns Creek would bring in additional millions of dollars in taxes from increased agricultural yields and industrial activity. These will be brought into being by the additional power and water facilities made available to a large section of Idaho.

Burns Creek typifies the tremendous benefits to be derived from a multipurpose dam. In addition to irrigation and power, there are recreation, navigation, flood control, and wildlife advantages to the project.

For example, the reservoir to be created by the dam would form another Idaho fishing and boating attraction that would draw hundreds of thousands of persons from within and without the State to enjoy more of our unparallelled outdoor resources.

You will undoubtedly hear it characterized purely as a power project. This is a misconception which becomes evident when its reregulating function and full integration with the Palisades project are considered. In fact, without the Burns Creek Dam it is not possible to utilize the full potential of the generators already in place at Pal-

isades and without the long term holdover storage provided by Burns Creek, all the water users benefited by the Palisades development could suffer. The Burns Creek Dam will provide the reregulation that will make it possible for the full value of Palisades to be realized.

The importance of Burns Creek to irrigation cannot be overemphasized. Idaho, like so many other Western States, is semiarid. We in the Gem State have an unequaled potential for growth and development, but we must have water. Hundreds of thousands of acres now lying unused can be transformed by water into lush, fertile land. Much already has been done to spread a network of irrigation ditches throughout portions of Idaho. But more can and must be accomplished if we are to fulfill our destiny. We desperately need large storage dams and coordinated development of our river basins if we are to bring to our people the good things in life to which they are entitled.

The Burns Creek development is approved virtually unanimously by water users in the area served by Palisades. There is no question that additional storage space is needed to firm the irrigation water supply for the Palisades water users. As a matter of fact, the additional space made available is already oversubscribed by canal companies, irrigation districts, and others who have indicated they want and need the benefits of this project.

Power, likewise, is a lifegiving element. I will not take the time of the committee to go into detail about the Rural Electrification Administration program and public power. Nor will I describe how farms and cities have eagerly taken advantage of excess power developed by the Government plants in southern Idaho. I merely want to emphasize that there is a severe power shortage in my State, according to talks I have had with many officials and private citizens in Idaho. This power shortage cannot be met by private plants, because they too, depend on Bureau of Reclamation dams for much of their electricity. The two biggest customers of Palisades are the Utah Power & Light Co. and the Idaho Power Co., both private utilities and both operating in southern Idaho.

It is my understanding that the Burns Creek project would not infringe on the established load pattern and normal growth thereof of the Utah Power & Light Co. nor would it affect that company's plan for constructing a steam generating plant at Kemmerer, Wyo. Growth and demand for electric energy in southern Idaho will fully utilize both projected additional power from Burns Creek and projected additional power from other sources such as electric steam plants.

Burns Creek is the logical fruition of a program that will open the way to new horizons for the people of Idaho. It is the realization of a promise implied in the construction of Palisades. Two years ago, the Bureau of Reclamation recommended that a dam, powerplant, and reservoir, should be built 30 miles downstream from Palisades. This, said the Bureau, would more fully utilize the potential and capabilities of the Palisades power generators by permitting an unrestricted peaking operation there and leaving to a second reservoir the function of reregulating the storage for irrigation.

Thus, Burns Creek is a logical and necessary followup to Palisades. It is as much a part of Palisades as a child to his parent. Neither can

exist wholly and efficiently without the other. I urge the committee to act favorably on this bill.

Mr. ROGERS. Do any of the other members of the subcommittee desire recognition before the Chair recognizes the first witness?

Mr. SAYLOR. Mr. Chairman?

Mr. ROGERS. The gentleman from Pennsylvania.

Mr. SAYLOR. I ask recognition at this time.

It seems to me rather strange that if the Burns Creek project is half as important as some people would have us believe that hearings could not have been arranged during the regular course of the session. We have sat around here from January 7, 1959, down until almost the end of August while our committee and other committees have worked diligently and there has been no request that I have seen anywhere along the line for anything such as hearings on a controversial matter such as this. It seems that Burns Creek suddenly becomes important near the close of every session and everybody is pushing for adjournment. This project involves a very basic pattern in the future of this country.

The Department of Interior is on record with two divergent views. They want one view in California in Central Valley project and they come up in Idaho and they take an entirely different attitude.

Coming here in the last days of the session when people are busy and cleaning up matters in their offices, and having to be on the floor at all times, it seems to me that it is rather unfortunate that these hearings were set. This matter is so controversial that, as the chairman knows, he has probably received more requests from a wider area to be heard on this bill than any other bill we have had before this subcommittee this year. People not only from the West but people from the South, people from the North, and people from the East, have all asked to be heard on this subject.

People have come here from many States in the Union who are vitally interested because of the basic philosophy that is involved in this bill.

To end up with a situation where we have 1 hour, which is not to be unexpected in the closing days of the session, it seems to me to be rather a sad commentary upon this great committee.

Mr. ASPINALL. If my colleague would yield?

Mr. SAYLOR. I would be happy to.

Mr. ASPINALL. My colleague knows that this committee, and the gentleman from Texas, Mr. Rogers, chairman of the subcommittee, did not have any idea as to how much enthusiasm there would be about this particular hearing until the notice was sent out. The gentleman knows that we have had requests from some Members of Congress to have a hearing, that we have had a few requests from the territory—from those who support and those who oppose.

We did not have any idea that we would have as many requests as we have had. If this hearing serves no better use than to notify us that sometime next spring or winter we are going to have a real show, I think perhaps the hearings are worth while and I think my colleague would admit that.

Mr. SAYLOR. That is the best news I have had so far. I was expecting that after the numerous requests came, we would find that this was not to be an open-shut affair for an hour. I know that many of the people who have come here——

Mr. ASPINALL. If the gentleman will yield, my colleague has known from the very beginning that there was to be no final decision on this legislation this year.

Mr. SAYLOR. That, I am happy to hear; but I did not know whether or not this was to be the hearing. I am delighted to have the word from the chairman that when the session comes round next year we will have a hearing.

I will not take up any more time at this point in the hearing, Mr. Chairman.

Mr. HALEY. Mr. Chairman?

Mr. ROGERS. Will the gentleman yield?

Mr. SAYLOR. I am happy to yield.

Mr. HALEY. As I might say to the distinguished gentleman from Pennsylvania, I think it is the beginning of a rather long and extensive series of hearings. A lot of policymaking things are involved and we had to start somewhere. I think if we get a little bit of information here, we will have a long time between now and the next session to do a little thinking.

Mr. SAYLOR. I might say to my good colleague from Florida that I have not seen him since I received word late yesterday evening by two telephone calls from the great State of Florida, from representatives wanting to testify on this project.

Mr. ROGERS. Let the Chair say that he personally belongs to the school of thought that everybody is entitled to be heard, no matter what he believes. As far as the setting of hearings is concerned, he has always tried to cooperate with people that want their projects heard. He has been criticized, incidentally, for not having scheduled a hearing on this legislation earlier, and I am sorry that we could not get to it before now, but other things intervened. We have to take these things as we go along.

Let me say this: As far as I am personally concerned there will not be a quick decision on this project. It will be aired thoroughly and everyone will have an opportunity to be heard in the great American way.

The gentleman from West Virginia, Mr. Bailey, has a statement he desires to file, I believe.

STATEMENT OF HON. CLEVELAND M. BAILEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. BAILEY. Mr. Chairman and gentlemen of the committee, I do not have any wish to encroach on your limited time this morning. I have a meeting of the Education and Labor Committee at 10:30 and there is a matter coming up which means I must be at that session.

I would like to ask the privilege of filing a brief on your pending legislation.

Mr. ROGERS. Is there objection?

Mr. BAILEY. In opposition to the proposal.

Mr. ROGERS. If not, the gentleman from West Virginia will be allowed to file his statement in the record in opposition to the legislation.

(The statement follows:)

Mr. Chairman, and gentlemen of the committee, I appreciate this opportunity to present you with my views on the proposed Burns Creek development.

You may wonder why someone from West Virginia concerns himself with a project out in Idaho. I assure you I have what to me seem very valid reasons. The first concerns Federal fiscal policy, and the second concerns the coal industry, an industry very close to my heart.

What magic does the word "reclamation" have? It seems to attract a great deal more interest when it comes to the appropriation of Federal funds than unemployment, and need, and hunger. Here the Senate has already passed a bill (S. 281) and this committee of the House is considering reporting the bill to the House to authorize construction of a $50 million project that is neither economically feasible nor needed. A project this week, if located in West Virginia, would never get as far as a hearing; in fact, I am sure it would never have gotten a favorable report from the reporting agency. But Burns Creek is tagged with that magic word "reclamation," so here we are considering it before this committee, and it will probably be reported to the House and passed and then signed into law.

Reclamation has long occupied a very warm spot in the heart of many of us far removed from the reclamation States. We have thought of reclamation as reclaiming otherwise worthless land so that it should provide homes and a livelihood for American citizens—making the desert bloom, so to speak. This was magic—it had a certain amount of appeal to everybody, whether they benefited or not.

Do the people from the reclamation States think they can tag just any project "reclamation" and run it through the Congress? If you are going to try that, reclamation is going to lose its magic. This Burns Creek project is no more reclamation than a hydroelectric power project in West Virginia. How do you think people from depressed areas—areas where people are out of work, where children are hungry—are going to feel about spending $50 million building a power project that is uneconomical and is not needed in an area that is not depressed, just because it carries a reclamation tag, when we cannot get a depressed area bill through the Congress to help an area that is really in need.

We do not have the money to help depressed areas in the East, Mr. Chairman, but we can toss it around out West on a power project if the Bureau of Reclamation proposes it—that seems to make it automatically a reclamation project. This administration talks piously about economy in Government—a balanced budget—and then proposes something like Burns Creek. If the administration is going to drag out projects like this Burns Creek, I do not want to see them shed any more crocodile tears over economy or hear any more talk about there not being enough money to finance a depressed area bill.

We used to be told that reclamation projects created wealth, generated taxes, etc. We were told that the power equipment installed to produce electric power as a byproduct of reclamation was manufactured back east and would create jobs in the East. Burns Creek is not going to create any wealth, it will not bring into production a single additional acre of land; it will not generate any taxes; in fact the Bureau of Reclamation estimated that if the project is constructed, taxes amounting to $33,984,000 that otherwise would be paid by private utilities during the payout period would be lost; and so far as creating jobs back east is concerned, the Bureau of Reclamation is purchasing about one-half of its electric equipment from foreign manufacturers. That certainly is not putting any of our people to work.

Mr. Chairman, doesn't this committee think it is important to develop other resources besides water? Coal is a resource and an important one, too. When you contemplate building Burns Creek to produce power—and that is all it will produce—just remember that every kilowatt-hour of power produced at Burns Creek means 1 pound of coal that a miner will not mine. The power that Burns Creek will develop will displace 20,000 man-shifts in the mines.

Mr. Chairman, the more I think of it, the madder I get. If the Bureau of Reclamation and the reclamation States want to lose friends, just let them keep bringing in such things as Burns Creek. We in the East pay most of the taxes and we are getting the least amount of benefit from them. Some of the Western States have gotten back in Federal aid, grants, etc., several dollars for every dollar they have paid in taxes, while some of the Eastern States pay out in Federal taxes three or four times as much as they get back. You know we might put up with a lot of that sort of thing if there was great need in the Western States; but that is not the case. The West has shown tremendous growth—industrial, financial, and populationwise—so it is about time for it to start standing on its own feet. So far as I am concerned the word "reclama-

tion" has lost a lot of its magic and it will lose all of it if its supporters continue to slip uneconomical, unnecessary power projects by under the guise of reclamation.

Mr. ROGERS. The first witness to be recognized is our colleague, Mr. Hamer Budge, of Idaho, the author of H.R. 1235.

Mr. Budge, will you take the stand.

STATEMENT OF HON. HAMER H. BUDGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. BUDGE. Thank you, Mr. Chairman.

At the outset, I would like to say that I shall be brief and also that I very much appreciated the last remarks of the chairman that this matter would be heard and heard in its entirety.

As the Chair knows, I have contacted him several times during the year requesting hearings on this legislation. I hope there will be a complete hearing of all sides of what has been described here this morning as a controversy.

I do not know whose request the Chair acceded to in calling the hearings, but I do appreciate that they have been called.

Again, may I say that I hope the Chair will go into the matter in its entirety.

In order that we might just change the perspective here a little bit, I have here a copy of the August 24 Salt Lake Tribune published in Salt Lake City, Utah. It has photographs of a reservoir in the center of my congressional district near the town of Carey. This [indicating] shows the reservoir at the beginning of the fishing season. These cars parked around here belong to people who are at that reservoir to catch trout.

This picture [indicating] was taken last week showing thousands and thousands of dead trout at the bottom of that dry reservoir because the water had to be released for irrigation.

Here is a photograph [indicating] showing a nearby farmer as he is cleaning and will freeze these great big beautiful Rocky Mountain trout that died in that dry reservoir. There is nothing in Idaho more precious than our water. I think those photographs very graphically illustrate that.

Mr. Chairman, the original bill on this project was introduced by myself on June 2, 1955, and at that time I was attempting, in cooperation with the Bureau of Reclamation and the Corps of Army Engineers, to develop all the upstream storage that we can develop on the Snake River and its tributaries. At that time I introduced a bill to authorize the construction of the Burns Creek reregulating reservoir and to authorize construction of a storage project referred to by the Bureau as the Narrows project.

The purpose of introducing the legislation was in order that I might secure a report to the committee on the feasibility of those two projects. No report was ever received from the Bureau of Reclamation on the latter, and I assume it abandoned its investigation of the Narrows project.

The Bureau originally suggested a reregulating reservoir below the Palisades Dam. It then suggested another type of reregulating reservoir larger in capacity and with power features. Then, as I

understand it, the present proposal was decided by the Bureau of Reclamation to be the most feasible one for the development of the river.

May I say to the Chair and the committee that these matters of philosophy, I hope, will be at least minimized in the consideration of this legislation. The important thing is the development of the river and the saving of every drop of water we can save on the river. That, to me, is more important than some of the philosophic discussions which may be made as to the generation and distribution of hydroelectric power.

I am satisfied in my own mind that there is very definitely a need for a project, the nature of which this committee, after its hearings, will be better able to judge than am I.

I think that the Palisades project can be made even a better project than it is—and it is one of the most excellent ones ever constructed by the Bureau of Reclamation—by the construction of a project downstream to reregulate the flow of the water.

The problem is simply this: That Palisades cannot be operated as effectively in the present state of the Palisades project as it can by a reregulating reservoir downstream for this simple reason: If the water is released rapidly enough through the Palisades project to generate the maximum in hydroelectric power, then it must be caught downstream before it washes out the downstream irrigation works and the municipal powerplants and other structures along the river.

I think that the committee can in its examination of the Bureau witnesses, and other witnesses, all of whom I assume will be helpful, determine the exact type of project which should be built.

I want to close, Mr. Chairman, with simply the statement that again I am satisfied that a project is not only beneficial but actually necessary for the fullest development of that stretch of the Snake River.

Mr. Chairman, I have here a telegram addressed to me by Mr. John S. Gamble, president of the Chamber of Commerce, Idaho Falls, Idaho, which is the nearest major city to the physical location of Burns Creek reregulating reservoir.

I would ask unanimous consent, or the permission of the Chair, to insert the telegram at this point in the record.

Mr. ROGERS. Without objection, it is so ordered.

(The telegram follows:)

IDAHO FALLS, IDAHO, *August 26, 1959.*

Congressman HAMER H. BUDGE,
New House Office Building, Washington, D.C.:

Regret budget limitations prevent sending spokesman to Burns Creek hearings as we did in May 1958. Appreciate your placing this summary of our position on record.

Idaho Falls chamber and water users in complete agreement regarding urgent need for constructing Burns Creek Dam as integral part of Palisades project. Irrigation storage at Burns Creek will help fill unmet needs of irrigators who oversubscribed storage at Palisades Reservoir. Also provides priceless insurance water for inevitable drought years.

Benefits of reregulating dam between Palisades and diversion points of irrigation canals, to assure even supply of water during irrigation season, of paramount importance.

Burns Creek also offers major power and recreation benefits. We urge committee and House approval of Burns Creek project.

JOHN S. GAMBLE,
President, Chamber of Commerce.

Mr. BUDGE. Again, may I express my thanks to the chairman for conducting these hearings.

Mr. ROGERS. Thank you, Mr. Budge.

Are there any questions of Mr. Budge?

Mr. ASPINALL. Mr. Chairman?

Mr. ROGERS. The gentleman from Colorado.

Mr. ASPINALL. There is a personal friendship between the gentleman from Idaho, Mr. Budge, and myself, but I wish to make this statement in observation: In his role this morning pleading with this committee about his contention as to policies we have to follow, he reminds me of some of my constituents who were here recently who said, "We want common application as such. This matter is more economical for you to go ahead and grant our request."

In other words, I think that all of us have a certain tendency to say we should not follow general policy when our own projects are being considered.

Mr. Budge, if it were not for the fact that there is some river regulation in this project and that it can be integrated into the Snake River development, this committee would not have any jurisdiction; would it?

Mr. BUDGE. No; and if it turns out to be true, as some people have said, that this is a straight power project, I would not be urging the committee to pass it.

That has been my position always before this committee, as the gentleman knows.

Mr. ASPINALL. What we will have to do, of course, is to pay attention to the evidence that comes in and try to reconcile that with the policy and jurisdiction which this committee has; is that right?

Mr. BUDGE. I think that is true.

The Reclamation Act, as the chairman of the full committee well knows, provides that power shall be incidental to the reclamation features. If this turns out to be something else, then I would assume that the committee would, as it has in the past, follow the basic reclamation law.

I may say to the Chair that in line with his statement as to economy, that if this project turns out to be one which would not repay the investment to the Federal Government, then I would not be interested in it.

Mr. ASPINALL. This happens to be a very good project as far as its economic capabilities are concerned and there is no question about that. I hope that there will not be any qeustions raised as far as our hearings are concerned.

The benefit-cost ratio over a 50-year period is 1.21 to 1. There is no question about that.

What I was suggesting was that the sponsors not make a suggestion that we not pay too much attention to philosophy. By that you meant policy. That is the only philosophy we are interested in here. We do have to pay attention to those things.

Mr. BUDGE. I would simply say this: My request was that the philosophy be minimized in the consideration of the testimony before the committee.

Mr. ASPINALL. That is where I say you were speaking as an interested party in this project. If you were talking about some other

project—and I could name five of them on my fingers—you would more than likely take the other side because of the policies we have been following, and perhaps you do not agree with me, and I do not agree with you.

Mr. BUDGE. By the same token, I assume that the chairman would feel that this was a very excellent project from his point of view.

Mr. ULLMAN. Mr. Chairman?

Mr. ROGERS. I think the gentleman from Pennsylvania, Mr. Saylor, asked for the floor.

Mr. SAYLOR. First, I would like to pay tribute to our colleague, a former member of this committee, for his insistence upon a hearing. I do not think there has been more than a 3-day period which has elapsed between his visits to me since this session of Congress started. The gentleman from Idaho has not come to me and tried to arrange hearings on this project throughout this session of Congress.

I can say that there has been nobody that I know of who has been more anxious to have hearings than the gentleman who has just testified.

I might say, however, that there are some points of difference between the witness and myself with regard to this project.

Mr. Budge, as to your statement that you hope we will not get involved in philosophy, I would like to call your attention to the fact that the first case that went to the Supreme Court in 1935 requesting the philosophy of the Tennessee Valley Authority was decided by the Supreme Court in that electric power would only be incidental to the control of navigation. You have mentioned that you felt that in any reclamation project power could only be incidental. An examination of a report from the Department of Interior favoring this project indicates that 98.2 percent of the cost of this project is power and 1.7 percent is incidental and one-tenth of 1 percent is reclamation.

Back in the eastern part of the United States, where it has been my privilege to have been born and raised, when we discuss something incidental, it is usually the smaller part.

I would like to ask you whether or not the philosophy of the people in your section of the country is that one-tenth of 1 percent is the majority and 99.9 percent is incidental?

Mr. BUDGE. I think we use the same arithmetic in Idaho that you use in Pennsylvania.

I feel, Mr. Saylor, the reason I have requested your cooperation in securing hearings and the reason I have contacted the Chair very frequently to secure hearings, is because I think this committee is very able to decide what type of project should be built in order to secure the maximum development of the Snake River. I am very happy to leave that matter in the hands of this committee because I think the people on this committee are very well versed in this subject.

Mr. ASPINALL. If my colleague would yield?

Mr. SAYLOR. Yes.

Mr. ASPINALL. The gentleman from Idaho has already received a $500,000 appropriation, conditional appropriation, for this project; is that right?

Mr. BUDGE. That is correct.

Would the chairman permit me to give the history of that?

Mr. ASPINALL. I do not think you need to. I just wanted the record to show that the gentleman from Idaho has been pressing for action on this project. That is all I had in mind and that is the only thing for which I asked my friend to yield to me.

Mr. BUDGE. Mr. Chairman, the Congress has appropriated $500,000 to commence construction of the Burns Creek project, if and when authorized by this committee and the Congress.

I assume that if it were authorized by this committee and by the Congress that it would be a proper project to utilize the $500,000 which has been appropriated. The reason it was appropriated was because I was attempting to avoid a 1-year delay in the construction of the project.

Mr. ASPINALL. I thank you.

Mr. SAYLOR. The second question I would like to ask my colleague from Idaho is with regard to his statement that this reservoir was necessary because of the operation of the Palisades powerplant.

I would like to read you a letter from the Assistant Secretary of the Interior, Fred G. Aandahl, dated September 26, 1958, addressed to the Honorable John Taber, minority member of the House Appropriations Committee:

DEAR MR. TABER: This will acknowledge your letter of September 8, 1958, to the Commissioner of Reclamation requesting copies of contracts and information about the Palisades project of the Bureau of Reclamation.

We are inclosing one copy each of the seven power contracts covering the disposal of power from the project. Extra copies of the repayment contracts are not available in the Office of the Commissioner of Reclamation and that Office is requesting them from its regional office.

We are also requesting that the Bureau furnish us a tabulation of the estimated monthly kilowatt-hour output at Palisades and the corresponding peak generation, for both average and adverse water-year conditions.

I am surprised that you have had to ask for it. Recalling the testimony when the Palisades project was authorized, the Bureau had no question then of knowing what they were going to produce in the way of power. Their justification in their report stated what the capacity of Palisades would be, and after it has been completed, they do not have it. It is rather an unusual and anomalous situation. Continuing further with the letter:

The Palisades project was reauthorized by the Congress in 1950. This reauthorization was based on a supplemental report which is printed as House Document 720, 81st Congress. This report makes clear that the production of power at Palisades Dam will be entirely incidental to the operation of the reservoir for irrigation and flood control. It further states (p. 10) under "Power" that the production of firm power is possible only because a certain amount of water must be passed through the reservoir during the winter to fill the prior storage right of American Falls Reservoir.

By terms of the water users repayment contracts for irrigation storage space in the Palisades Reservoir, some latitude is allowed for exchange of water between the various reservoirs of the system. The purpose is to maximize benefits for irrigation as well as benefits for power as long as irrigation is not adversely affected. However, any change in the normal operating procedures for Palisades Reservoir which would benefit power would have to be agreeable to the irrigation interests before the change could be put into effect.

Now pay particular attention to the next paragraph.

Considering the existing system and the above facts, the Palisades powerplant could not be operated in such a fashion as to create downstream surges detrimental to irrigation.

When the Assistant Secretary of the Interior sends to the House Appropriations Committee a statement that you cannot operate that dam so as to create downstream surges detrimental to irrigation, could you tell this committee why any dam is needed at Burns Creek?

Mr. BUDGE. I shall be happy to attempt to try.

I think the Secretary's letter points up the exact need for the Burns Creek project. He says, and very rightly so, that the Palisades project shall not be operated in any way which shall be inimical to the irrigation interests downstream.

In other words, that he is not going to release water fast enough out of the Palisades Reservoir through the Palisades powerplant so that we will have surges downstream which would be detrimental to the irrigation works. He says he cannot run the water through fast enough now because of the fact that it would cause the surges downstream.

That is the reason for the Burns Creek reregulating reservoir, to catch those surges and to rerelease the water in a manner which will not cause the downstream damage to the irrigators.

I may say that I am wholeheartedly in agreement with the Secretary's statement that he feels that the irrigation interests should come first.

Mr. SAYLOR. Do you feel that the Congress, when it passed the Palisades Authorizing Act, in which they specifically stated that the dam was to be operated only incidentally for the production of power, should be abrogated by this or any future Congress?

Mr. BUDGE. I would say to the gentleman from Pennsylvania that I think the Bureau of Reclamation was somewhat remiss in not calling attention to the need for a reregulating reservoir at the time the Palisades project was authorized.

I might also say this, however: That the Bureau of Reclamation at the time of the authorization of the Palisades project had no knowledge of the fact that it would develop a very substantial electrical summer load by reason of the recent downstream irrigation pumping, which has developed in the area, and which the Bureau had no means of knowing at the time it recommended the passage of the Palisades project, and no mention was made of a reregulating reservoir.

Mr. SAYLOR. Has this increase in power, as requested by the irrigators, exceeded the normal output of the Palisades Reservoir?

Mr. BUDGE. I think definitely. There has been in southern Idaho a very substantial, I would say in the neighborhood of probably 250,000 acres, maybe 300,000 acres of new land brought in by pump irrigation which requires electricity in the last, say, 7 or 8 years, which is subsequent of course to the authorization and start of construction of the Palisades project.

Mr. SAYLOR. I gather from your statement, Mr. Budge that it is your belief that these power users use more power than is produced at Palisades itself?

Mr. BUDGE. Oh yes.

Mr. SAYLOR. For pumping alone?

Mr. BUDGE. Yes. A lot of the power was contracted for at the time Palisades was——

Mr. SAYLOR. Now——

Mr. BUDGE. I would say the available power; maybe not all of the power, but all that the Bureau has to sell.

Mr. SAYLOR. Now, you are coming down to the fact, Mr. Budge, that the Bureau has sold and gotten several contracts for power and given it to preference customers in the area and now finds that the primary purpose for which this dam was created, basically for the aid of irrigation and reclamation, has created a shortage of power and, therefore, you are coming and asking that this additional source of power be created?

Mr. BUDGE. No; I am not, and I would disagree with the gentleman's statement that the initial purpose of the Palisades was to provide electricity for irrigation. It was not.

Mr. SAYLOR. I did not say that this was to provide power for irrigation. The primary purpose of the Palisades was to create water for irrigation.

Mr. BUDGE. That is correct.

Mr. SAYLOR. And as a result, and to assist the water users in helping to pay for the project, there was a certain amount of power to be produced at the Palisades.

Mr. BUDGE. That is correct.

Mr. SAYLOR. The primary purpose of that power is to assist the water users where they need it and it is for their benefit.

Mr. BUDGE. No. The contracts that the Bureau entered into, for example, with the city of Idaho Falls, which is, I think, the most substantial user of the power from Palisades, the firm power; I think that contract was entered into before the Bureau had any knowledge of the new load which has occurred that someone must service for the irrigation pumping which has developed since the signing of the original contracts.

Mr. SAYLOR. Do you know, Mr. Budge, whether or not these seven contracts which have been referred to in the letter to Mr. Taber by Mr. Aandahl allow the Bureau of Reclamation to recapture this power and to use it or turn it over to the irrigators for their own use?

Mr. BUDGE. I do not.

Mr. SAYLOR. Would you approve of such a policy? You do not need to answer that. That is politically hot out there. I can tell you I do.

Mr. BUDGE. I do not think it is politically hot.

Mr. SAYLOR. If they are going to use it, I want to use it for the people for whom the dam was built and not the townspeople who live in the town.

Mr. BUDGE. I would assume that the Bureau, in order to serve preference customers, should put a recapture clause in but it has not done so in many instances that I know of, and I do not know whether it did in this instance.

Mr. HOSMER. Will the gentleman yield?

Mr. SAYLOR. The gentleman from Florida asked me to yield first. Then I will.

Mr. HALEY. Mr. Budge, what is the difference between this project and the Hells Canyon project?

Mr. BUDGE. There is a very, very substantial difference. To start with the Hells Canyon project proposed to store 3,800,000 acre-feet of water. It created a storage demand which was inconsistent with

and which would compete with the irrigation storage along the river. The Burns Creek project has a storage of only 100,000 acre-feet and it is located at an elevation of 6,000 feet rather than 600 feet, and the storage can be used in Idaho before it reaches a canyon where no irrigation is possible, such as the Hells Canyon.

Mr. HALEY. Let me ask you this: If this is principally for storage of water, couldn't we build a storage dam for a very small amount of cost of this and regulate the flow of water, if that is one of the desirable features of this project?

Mr. BUDGE. I would say to the gentleman from Florida that I think that is the most important feature, next to the proper regulation of the river. The storage is the most important feature and I think it is the function of this committee to determine what is the best type of project to be built at that place on the river.

Mr. HALEY. In other words, if the committee decided that merely a storage dam would serve the purpose you would not be opposed to that?

Mr. BUDGE. No. I think any development which can occur at that point which will regulate the river and which will store additional water would certainly meet my approval.

Mr. HALEY. I would like to make this observation, Mr. Chairman. Apparently, this is quite a controversial bill. I notice the report came over here from the other body, which of course is not unusual, I might say.

This bill or a similar bill had approximately a day of hearing over in the other committee and passed that body, apparently by unanimous consent.

I would certainly hope, and I know that the Chair will see, that in the consideration of this matter, at least on this side of the House, that we go very thoroughly into the project and give everybody an opportunity to be heard.

The gentleman said something just a little while ago about this tying in with another project out there; is that right?

Mr. BUDGE. Yes, sir. It would be operated as an adjunct to the Palisades project and would be located just a few miles downstream from the Palisades project.

Mr. HALEY. Mr. Budge, are we beginning to build up on the Snake River out there projects that we must authorize one and then because of the construction of that, we must authorize another?

In other words, it is rounding out the power facilities? Is that about the story?

Mr. BUDGE. As I said before, I think that the Bureau was somewhat remiss in not mentioning this reregulating feature at the time of the authorization of Palisades but that question, of course, could be better directed to the Bureau witnesses.

I do not know why they did not mention it.

Mr. HALEY. Probably in time I will ask them that question. I am afraid some of our projects in the West require us to get into a situation where in rounding out projects we will have something building up as we have in the Tennessee Valley Authority, where we finally will round them out to where it will round out to the high-water mark of the United States if we continue to do this. It just seems to

me that this to me is purely and simply a power project. I see no place in the bill or in the report that would justify this project, except as purely and simply a power project.

Mr. ROGERS. If the gentleman will yield, Mr. Haley, with relation to your fears about a full hearing, I think the gentleman from Florida was not here when the Chair made the observation that there would be a full hearing.

I might say developments up to the present indicate this will not be acted upon with unanimity.

Mr. HALEY. I am sure that same situation will prevail here on this committee, Mr. Chairman.

Mr. SAYLOR. Mr. Chairman, I might say to my good colleague from Florida that with regard to the Bureau's not having made this recommendation when Palisades project was before us, the Palisades project had a little difficulty before this committee. I happen to have been a member when it was discussed, and when it was reauthorized, and if the Bureau of Reclamation had tried to tie this Burns Creek into it, then you would not have had this Palisades project authorized.

Mr. HALEY. Will you yield?

Mr. SAYLOR. I am happy to yield.

Mr. HALEY. That is what the gentleman from Florida is complaining about. Had this project been, at the time of the other project, presented to this committee, it probably would have had considerably more difficulty and here apparently we are building up these projects a step at a time, so to speak.

If the gentleman will yield further, I would like to say to the gentleman, Mr. Budge, that I would like to commend him for his activity in behalf of this project.

Just a few moments ago he said he was able to get a half-million dollars appropriated.

I have a project that has been authorized for about 14 years and I do not seem to be able to get any authorization, so I might say to the gentleman, he has been very active and I commend him for his fine representation of his people out there in being able prior to the authorization of a project to get some money in the till, so to speak. You have done a swell job.

Mr. BUDGE. If I could get the same kind of cooperation here everybody would be happy.

Mr. SAYLOR. I yield to my colleague from California.

Mr. HOSMER. Following upon the remark of the gentleman from Florida, I would like to say that when Mr. Budge appears before us, I just do not see a Congressman testifying; I see a great octopus whose long tentacles have reached through this committee and the U.S. Treasury for one Idaho project after another as they went through the Joint Committee on Atomic Energy for the national reactor test station at Arco I am not proposing to be lulled asleep by some of the statements he has made. I think it is a great tribute to him, creating power, but I think it has to stop sometime.

Excuse me for expressing this opinion but I think we all know that when Mr. Budge goes after something, if we do not work pretty hard, inevitably we end up with his project on our hands.

Mr. BUDGE. If I continue to compete with the 30 Congressmen from California I shall think I have done a very good job.

Mr. HOSMER. As I understand you said at the time the Palisades was authorized, the Bureau did not have any idea that they were going to need electricity to pump water?

Mr. BUDGE. Pump irrigation in 1950 when the Palisades project was authorized was just commencing in southern Idaho on any large scale. The greatest development has occurred since the Palisades project was not only authorized but under construction.

Mr. HOSMER. Was this the area that is calculated to be served by the Palisades that is now being served?

Mr. BUDGE. No. Palisades was built to serve surface irrigation by the canal and placing it in irrigation ditches so that it runs by gravity flow to irrigate the land.

Palisades has never had any direct connection with the pump irrigation, except as a source of hydroelectric power to serve the pumps, which are not connected.

Most of that is private irrigation and it has no connection with the Palisades project except through electricity.

Mr. HOSMER. Except that it takes the water out?

Mr. BUDGE. No.

Mr. HOSMER. It takes the electricity?

Mr. BUDGE. It takes a portion of the electricity.

A portion of the electricity from this project is being used at the Government project near Rupert, Idaho, known as the Minodoka North Side project, a very substantial portion of the power.

Mr. HOSMER. This Burns Creek project is downstream a few miles from the Palisades project?

Mr. BUDGE. That is correct.

Mr. HOSMER. You have a section 8 in your bill that says water from this project will not be used to serve new areas—not any areas, but just new areas, where they grow surplus crops. That is not going to be of any help at all in irrigating surplus crops out of the Palisades in all that vast new area where you are pumping and it is not going to stop you from taking electricity back upstream to pump water on land to grow surplus crops up there, is it, according to section 6?

Mr. BUDGE. No; not from the electricity standpoint it certainly would not and, as I say, most of that is private development but the water that is stored in the reservoir is not to be used for growing of surplus crops.

I do not think you can place a limitation on the electricity.

Mr. HOSMER. It is not contemplated for any irrigation; is it?

Isn't this 99 percent power?

Mr. BUDGE. That is the allocation made by the Bureau. I think these photographs very graphically illustrate that any storage which can be achieved on the Snake River is worth a great deal, and perhaps cannot be adequately expressed in the breakdown of the Bureau as to its allocations between power and benefits to irrigation.

Mr. HOSMER. Yes; but here we have spent all this money in a time of surplus and you put section 6 in here regarding a project that is a reregulating project, 2 percent of it, at least. How in the world are you going to stop that water from getting onto somebody's land down below and growing crops? This is meaningless: is it not?

Mr. BUDGE. Of course, I did not exactly put the language in. The language was put in in the other body and made sort of routine procedure in all projects of this nature.

That is how it happens to be in this bill.

Mr. HOSMER. I compliment the gentleman in the draftsmanship of this thing because it would lead us to believe that at least by that section we would be accomplishing something with regard to these farm surpluses but on the other hand, all it does is provide power to pump water on new land to raise surplus crops; isn't that right?

Mr. BUDGE. No. I do not see that the Burns Creek project is intended to bring new land into production.

Mr. HOSMER. I think that is all. I yield back.

Mr. ROGERS. Would the gentleman yield?

Mr. SAYLOR. I will be happy to.

Mr. ROGERS. In view of the situation in relation to time, let the Chair make this observation. I know the witnesses have other commitments and would like to have something definite.

I want to make this unanimous-consent request at this time: That all those witnesses listed who desire to insert their statements in the record may do so and the same will be included in the record as if they had been read in full. Of course, that will be done subject to the conformance to House rules of these statements.

If any of the witnesses desire to do that, you can file your statements with the clerk.

Is there objection to that request?

Mr. SAYLOR. Reserving the right to object, Mr. Chairman——

Mr. ROGERS. The gentleman from Pennsylvania.

Mr. SAYLOR. And I do not expect to object to the request, but I want it strictly understood that the filing of statements by any witnesses doesn't preclude their coming back and being examined by members of this committee.

Mr. ROGERS. Let the Chair say this: Not only doesn't it preclude their coming back, but they may stay here if they want to sweat these hearings out.

Mr. BUDGE. Would the Chair entertain a request?

Mr. Lynn Crandall of Idaho is here.

Mr. ROGERS. We have one request pending. Let me finish that one. Mr. Haley.

Mr. HALEY. Reserving the right to object, and I was going to ask the same question of the gentleman of Pennsylvania, it will not preclude any person who files a statement from coming back later for questioning.

May I ask the Chair this: Does the Chair propose to hold hearings sometime within the near future?

Mr. ROGERS. Let the Chair say this: That we are going to be forced to play this thing by ear, so to speak, and I do hope to have some more hearings before the end of this week. This being Thursday, we will either have them this afternoon, if possible, or sometime tomorrow, but we will just have to wait and see what develops in view of the housing bill that is before the House.

All witnesses can get in touch with the clerk of the committee and find out what the plan is for this afternoon.

Mr. HALEY. Of course, the Chair knows that we have a very important bill on the floor of the House today in which all the members here have some interest.

I hope the Chair does not intend to try to get unanimous consent to sit this afternoon.

I would be constrained to object if he did.

Mr. ROGERS. He will keep that in mind if he gets any ideas about it.

Is there any objection?

The Chair hears none. It is so ordered that the witnesses may file their statements.

Mr. Budge, did you have a request?

Mr. BUDGE. Mr. Chairman, I would very much appreciate the committee hearing as early as possible Mr. Lynn Crandall, who was for many, many years an employee of the Geological Survey, and also served as watermaster of the Snake River. I think that Mr. Crandall's knowledge of the river is probably greater than that of any living person, and I think that he could contribute quite a good deal to these hearings.

Mr. ROGERS. Thank you, Mr. Budge.

We will reach him just as quickly as possible.

Are there any other questions from Mr. Budge?

Mr. ULLMAN. Mr. Chairman, just a quick question.

Mr. ROGERS. Mr. Ullman.

Mr. ULLMAN. Is there any opposition in your district to this project, Mr. Budge?

Mr. BUDGE. I have heard opposition expressed to it, yes.

Mr. ULLMAN. Do you know of any formal opposition? Do you know the position of the Boise, Idaho, Chamber of Commerce?

Mr. BUDGE. I have never heard an expression from them one way or another.

Mr. ULLMAN. I notice the Idaho Power Co. is not listed as a witness. Are you aware of their position on the project?

Mr. BUDGE. I am not. I have had nothing to do with the scheduling of the witnesses, I would say to the gentleman.

Mr. ULLMAN. You are not aware of their position on the project?

Mr. BUDGE. I am not. It seems to me, they have taken a position in opposition in the other body. So far as I know, they have taken no position in the hearings that have been conducted here. The Utah Power & Light Co. I believe testified before this committee on this bill a year or so ago in opposition.

Mr. SAYLOR. Will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. SAYLOR. In view of the fact you have raised the position of the Idaho Power Co., it is my good fortune to have a telegram which I received this morning from T. E. Roach, president of the Idaho Power Co. I would like to read it. It is addressed to me. It says:

BOISE, IDAHO, *August 26, 1959.*

Hon. JOHN SAYLOR,
House Office Building, Washington, D.C.:

Please file for inclusion in record of Irrigation Subcommittee hearing scheduled for August 27 on the proposed Burns Creek project, the following statement:

"Senate hearings of March 16 and May 11, 1959, on Senate bill 281 clearly show that proposed development is 98 percent power. The reasons advanced

in support of bill is claimed urgent power needs of preference customers, plus the new and surprising position of Bureau witness Bennett that Federal Government has continuing utility obligation to provide future power requirements of such preference customers, thus making power generation a primary function instead of an incident to irrigation. There is neither a present shortage of power in this area nor any shortage foreseeable at any time in the future. Neither has there ever been a shortage in past years, as records will show, because investor-financed, taxpaying utilities have kept generating capacity well ahead of need. Our large hydro projects now building under authority of Federal Power Commission license give continuing assurance of ample power supply for all needs, including those of preference customers. The Brownlee unit is complete and providing the area with a generous surplus of power supply. Oxbow is well on way to completion and Hells Canyon is scheduled for completion late in 1964, which is the approximate time planned for completion of Burns Creek.

"Our recently executed integration contract with Reclamation Bureau gives that agency as much added firm energy as is expected from Burns Creek and without expenditure by Government of any capital funds. Load forecast chart on page 98 of Senate hearing report reflects benefits of this integration. Same chart, however, forecasts deficiency on Bureau system beginning in 1965 but completely disregards availability of ample power from our system to supply this need if and when it arises. With our Hells Canyon unit in operation in 1965, we will have more than adequate power supply for most optimistic forecast of area needs, including need of Bureau preference customers. Consequently, no valid basis can be established that Burns Creek is needed to to supply needs forecast in that chart for period beginning in 1965. Appendix of Senate hearing report at page 111 includes my letter of March 25, 1959, to Senator Church, setting forth position of Idaho Power with respect to endorsement of a practical reregulating dam which can be built for small fraction of proposed expenditure but opposing proposed unneeded power features. Appendix also includes at page 115, my letter of March 27, 1959, to Senator Dworshak, pointing out adequacy of summer supply from Bureau's own system. The records and facts demonstrate beyond question that there is no shortage of either summer or winter power now or foreseeable in the future and that any commitment of Federal funds for a power installation at Burns Creek is unjustified and would constitute a wasteful and unnecessary expenditure at a time when economy is so important."

T. E. ROACH,
President, Idaho Power Co.

Mrs. PFOST. Will the gentleman yield?

Mr. ULLMAN. I yield.

Mrs. PFOST. They do not say in their telegram that the only way those farmers can get supplemental irrigation water is to pump it and have to pay the Idaho Power Co. $10 per acre to pump the subterranean water whereas if they had Government reservoir water it would cost $4.50. That is the difference between people in that area being able to make a profit on their farm operation and not being able to.

The gentleman knows $5.50 an acre is quite a sizable sum when it comes to irrigating.

Mr. ULLMAN. I thank the gentlewoman for pointing that fact out. I am happy to have this on the record because I think we pretty well have the opposition to the project pinpointed at this stage of the game. I thank the gentleman. I yield back.

Mr. HOSMER. Mr. Chairman.

Mr. ROGERS. Mr. Hosmer.

Mr. HOSMER. I would like to ask the lady from Idaho what they grow on this land they are irrigating.

Mrs. PFOST. The majority of the land particularly in my district which is in Lemhi and Custer Counties is a cattle-raising area and they simply grow hay, grain, and pasture and they need subterranean water in order to supplement their irrigation needs.

Mr. HOSMER. Is wheat grown there?

Mrs. PFOST. Very little wheat. There is some wheat in southeast Idaho. There are no large farms. The large wheat area is in northern Idaho where there is not so much irrigation. The wheat crop in southern Idaho is not a major one.

Mr. ROGERS. The Chair has a request from Mr. Staggers of West Virginia that he desires to insert a statement in opposition to the project.

Without objection, his statement will be inserted at this point.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 27, 1959.

To: The Honorable Wayne N. Aspinall, chairman, Interior and Insular Affairs Committee, U.S. House of Representatives.

From: Representative Harley O. Staggers, Second District, West Virginia.

Subject: Opposition to Burns Creek project.

Mr. CHAIRMAN: I would like to make a matter of record my opposition to S. 281 and H.R. 1235, which would authorize the Secretary of Interior to construct, operate, and maintain a reregulating reservoir, powerplant, and related facilities at the Burns Creek site on the Snake River Valley, Idaho.

Although this project is in southeastern Idaho, I believe its effect would be detrimental to our State of West Virginia. Inasmuch as Burns Creek would primarily be a power project, it would reduce the amount of coal needed for power generation in the area by thousands of tons annually. It is felt this would be harmful, not only to the coal mines in that section of the country, but to the coal industry of the Nation as a whole.

West Virginia is the largest bituminous coal-producing State in the Nation. I feel the Burns Creek project would have a harmful effect on our State and the coal industry.

Mr. ROGERS. The House is now in session and this committee is sitting in violation of the rules.

We will stand adjourned until the call of the Chair.

(Whereupon, at 11:02 a.m., the committee adjourned to the call of the Chair.)

BURNS CREEK PROJECT, IDAHO

FRIDAY, AUGUST 28, 1959

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION, OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:45 a.m., in the committee room, New House Office Building, Hon. Walter Rogers (chairman of the subcommittee) presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will be in order, for further consideration of S. 281 and H.R. 1235.

The first witness scheduled to appear this morning is our colleague, the Honorable Keith Thomson.

STATEMENT OF HON. KEITH THOMSON, A U.S. REPRESENTATIVE FROM THE STATE OF WYOMING

Mr. THOMSON. Mr. Chairman and members of the committee, before going into my remarks, I would like to submit to the committee statements from the Natural Resource Board of the State of Wyoming, President J. B. Wilson, and ask that they be made a part of the record at the proper place as opponents to the project.

Mr. ROGERS. How many statements?

Mr. THOMSON. There is just one. It is only a page and a half letter.

Mr. ROGERS. Without objection, the statement will be inserted with other statements and testimony of the opposition.

Mr. THOMSON. Shall I proceed with my statement?

Mr. ROGERS. In a moment.

The gentleman from Florida wants to reserve the right to object. Of course, that cannot be held over. There either has to be an objection made, or not. If he wants to object, I will put the question later.

Mr. HALEY. I have no objection.

Mr. ROGERS. Without objection the testimony of J. P. Wilson, president of the Wyoming Resources Board, will be placed in the record at the proper place.

(The statement referred to follows:)

TESTIMONY OF J. B. WILSON, PRESIDENT, WYOMING NATURAL RESOURCE BOARD

My name is J. B. Wilson, McKinley, Wyo., president of the Wyoming Natural Resource Board, whose main office is 215 Supreme Court Building, Cheyenne, Wyo. The Wyoming Natural Resource Board is a duly authorized agency of the State government, charged by law with the full development of the natural resources of our State.

The purpose of this statement is to request this subcommittee to recommend against the passage of S. 281 concerning the construction of the Burns Creek project.

As a State agency charged with the development of our State's natural resources, it is apparent to us that the construction of the Burns Creek project to generate 90,000 kilowatts of power represents competition to power that can be generated by Wyoming coal. Testimony already presented at previous Senate hearings on this bill, lists the coal displacement loss at 250,000 additional tons of coal per year and the employment loss at 100 to 120 additional persons if this project were to be built. The Kemmerer area is a depressed employment area and at a time when other economically depressed areas are receiving attention in Congress, this would seem to be of important interest to this committee. Also, the tax valuation represented by the coal to be mined is an important aspect to the local and to the State's economy.

As a board interested in water development, we sympathize with the necessity for additional irrigation storage on the Snake River, but see nothing in the available record that would indicate this could not be built without the power feature and there is testimony that it could actually be accomplished at a more favorable cost. Reregulation, which in the bill is listed as a major objective, could be obtained at only a fraction of the cost of the project as listed in S. 281.

In examining the records of the hearing before the Senate, our board must subscribe to the minority views of Senator Barry Goldwater, of Arizona, as printed in Senate Committee Report No. 439, wherein the Senator points out that as a power project by itself Burns Creek would produce very high cost power. The below-cost power is actually made possible by diversion of reclamation funds from Palisades and thus reclamation will subsidize tthe Burns Creek power users. The project is therefore detrimental to reclamation. A positive need for this power project has not been shown. The demand and future demand in the area can be supplied by private utilities. Subsidation in the form of increased public power to communities is not in the public interest. If the Bureau is to continue to supply public power to all preference communities and their anticipated growth over the years, it is contrary to the Bureau's past stated intents and purposes. The statement that the demand has already been made is a rationalization by the Bureau of Reclamation, for most certainly the demand will be made upon any subsidized power if it is available. This does not necessarily mean that it is right or just.

May we respectfully submit to the committee our stated opposition and request that the committee recommend against passage of this legislation.

Thank you.

Mr. ROGERS. You may proceed.

Mr. THOMSON. Mr. Chairman, members of the committee, I appreciate this opportunity to appear before you and thank you.

At the outset, however, I would like to emphasize that I think the project proposed by this legislation, the Burns Creek project, should be the subject of full and extensive hearings by your committee.

I do not believe it is a project which should be considered at this stage of the session by the House on abbreviated hearings as there are many different problems and questions involved which should be fully developed.

I was particularly pleased yesterday to hear the chairman of the committee, and others, state that that would be the fact.

Last year when it was my privilege to be a member of the committee some hearings were held, but those hearings were hurried and incomplete.

This legislation has never been subjected, in my opinion, to the full inquiry type of hearing that this committee conducts with regard to legislation of this nature and by reason of which the committee has developed a very much deserved respect in the House and otherwise, for its recommendations.

I believe that my statement will further bear out the necessity for this full hearing on this project.

By way of review the Burns Creek Dam is proposed to be constructed in the State of Idaho approximately 30 miles below the Palisades Dam, which is on the Wyoming-Idaho State line.

The cost of this project was originally estimated by the Bureau of Reclamation in its 1957 report, to be $40,267,000, based on 1955 costs.

Then, last year, when we held hearings on this the estimated cost was $44,680,000, or an increase of about $4 million.

The cost estimated before the Senate committee in the recent Senate hearings has gone up to $48,790,000, or approximately $50 million.

This dam would be 176 feet high and 1,900 feet long. It would have a proposed storage capacity of 234,000 acre-feet of water.

Its generating capacity would be 90,000 kilowatts.

Besides my general interest in maintaining a sound reclamation program in adherence to what I believe to be sound principles of good government, I am further concerned about this as a Representative of Wyoming because of the alternate means of producing the electricity. I should like to discuss this first.

The Utah Power & Light Co. is planning to build at Kemmerer, Wyo., steam generation facilities which it is expected will eventually total 500,000 kilowatts and represent an investment of approximately $80 million.

The first unit, to which they are already committed, will be 150,000 kilowatts at a cost of approximately $34 million.

Kemmerer is located in southwestern Wyoming approximately 100 miles south of the proposed dam. Its economy has been over the years very closely tied to the coal industry.

What has happened to the coal industry in recent years generally has been true of this area.

This committee has many times taken note of that situation and I need not impress upon you the seriousness of the situation.

In this area where previously several thousand people were employed in the coal mines, now there are approximately 200 people employed.

The Kemmerer Coal Co. alone formerly employed 1,500 coal miners. The employment, the population, the tax income, and the economy of the area have all been very definitely adversely affected. The population of the county, according to the 1950 census, was 10,000 and it is estimated at 7,200 which shows the continuing effect of this situation on the economy.

The town of Kemmerer, Lincoln County, the Kemmerer Coal Co. and other interested parties, have made every effort to do something about this situation.

The Kemmerer Coal Co., I know, has spent a remarkably large amount, considering the circumstances and size of the company, on research and development. I have particularly admired them for this, trying to help themselves. Through their joint efforts they have now interested the Utah Power & Light Co. in constructing this steam generation plant. It offers real new life to the community and the area.

The increase in taxes alone, from the first unit, this is State and local taxes as opposed to the Federal taxes, is estimated at $493,500 per year, or approximately 50 percent increase over the present $955,000 tax revenues of Lincoln County.

Added to this would be the additional taxes of approximately $72,500,000 per year from the coal operations. The operation of the first unit at full capacity would offer employment to about 35 men at above average wages with an annual payroll of over $200,000.

The mining of the 600,000 tons of coal per year required for full operation of the plant would give employment to an additional 100 or 120 miners with an annual payroll of $600,000 per year.

This would further provide the opportunity for developing other resources in the area, providing additional employment, taxes, and other advantages to the community, the State, and the Nation.

I could go on at some length about this, but I think the situation is clear, and it will be further developed by other witnesses.

Suffice it to say that in my honest opinion, if this plant is constructed and fully developed, I expect that the Kemmerer area will be one of the bright areas of Wyoming, and enjoy continued growth and development.

You can, therefore, readily understand the importance which I assign to the development.

In the hearings before the committee of the other body and in the presentation, an effort was made to show that the proposed Burns Creek project would not affect this development because the Utah Power & Light Co. was already committed by contract with the Kemmerer Coal Co. to go ahead with its first unit of 150,000 kilowatts.

This argument simply does not stand up, as I am sure this committee will readily appreciate.

It is true that they are so committed.

As a matter of fact, they have already commenced construction of the Ham's Fork Reservoir. The fact is, though, that that plant is primarily important only as it is utilized.

The 90,000 kilowatts proposed to be developed at Burns Creek would replace a like amount of steam generated power. The systems of the Bureau, Idaho Power, and Utah Power are tied together.

This plant has already been delayed by 2 years due to Brownlee coming into production and Utah Power entering into an arrangement whereby they get power from that source.

It is an integrated system.

This would mean a reduction of 250,000 tons per year of coal to be mined, with a loss of employment resulting in an annual loss of 20,000 man-shifts for coal miners, and an annual reduction in mine payroll of $275,000, and a reduction in the payment to the United Mine Workers' health, welfare, and retirement fund of $100,000. It would result in a loss of State and local taxes and Federal taxes.

There are other coal sources in the surrounding area, both in Wyoming and in Utah. If this power is generated at Burns Creek, it can only mean a reduction in operation of the initial plant and a limitation upon the future expansion.

The coal supply in the area is unlimited, for all practical purposes. The loss would be total and permanent. Other witnesses will more fully develop it.

Regardless of what I have just said, if the Burns Creek proposal was for a good and sound water development project, I would not oppose it, nor would I expect this committee to reject it.

I am equally confident that most, if not all, of the others appearing here in opposition would not oppose it. They have repeatedly proved that with regard to other projects.

Proper water development is a must in our area, and as long as I am in Congress I expect to support sound reclamation projects, regardless of whether they are in the State of Wyoming or elsewhere. My record, I think, proves this.

Before deciding to oppose this project, I have given it a great deal of study and consideration. As a matter of fact, I had initially expected to support it as a western development project.

Doubt was raised in my mind during our brief hearings, of last session, and since that time, after additional investigation, I am fully convinced that it should be opposed as not in the best interests of reclamation.

If this project is approved, I am convinced that it will do irreparable damage to the reclamation program, both in itself and in the precedent which it would set.

In the first place, it does not qualify as a reclamation project by its very nature. It is claimed that 100,000 acre-feet of the 234,000 acre-feet capacity of the reservoir would be for irrigation. This is entirely misleading.

As a matter of fact, as Mr. Nelson, the regional director, testified before this committee last year, there would only be two or three times in a 50-year period that there would be any use of this. Of the total cost, only $849,000 or 1.75 percent is allocated to reclamation. This is purely and simply a power project, with 98 percent of the cost allocated to power.

Now, it is suggested that this is a reregulating reservoir to control the flow of the Snake River below the Palisades Dam. The necessity of that was attempted to be emphasized by pictures, loss of fish and so forth, yesterday.

I would be for the construction of a truly reregulating reservoir.

With the recent problems that we have had at the Casper-Alcova Dam for which the Gray Reef reregulating dam was recently approved by this committee, authorized and under construction, I appreciate fully the need for such reregulation.

The Gray Reef Dam will be constructed for $1,200,000 instead of being a $50 million structure.

The Burns Creek Dam as proposed would not provide for reregulation of the river at all. Being a power dam it would develop approximately the same fluctuating conditions as are now present at the Palisades Reservoir.

Only 17,000 acre-feet of storage capacity is even assigned to reregulation of the river.

Now, I think that this would not be a reregulation dam and it would not have the reregulation benefits. It is a power dam and they are going to surge the water through there just like they have through the Palisades.

It is a fact that the Bureau of Reclamation has neither assigned costs in their benefits-cost study to the reregulation features nor have they assigned any benefits to the reregulation.

Mr. HALEY. Mr. Chairman, may I ask a question?

Mr. ROGERS. Mr. Haley.

Mr. HALEY. Did you quote a figure as to what a storage dam or regulating dam could be constructed for?

Mr. THOMSON. I intend to a little later. The figure that I quoted was the Gray Reef Reservoir that the committee authorized last year, and we got going, which cost $1,200,000.

We initially thought it would cost $800,000.

This is a little bit in the area of confusion, but it is pretty well established, as I will mention a little later on here, that a reregulating facility could be constructed here for someplace between $3 and $6 million.

The Bureau initially estimated a few years back, on what was full consideration, a cost of about $2,123,000, I believe.

Then with the increased cost and some other things it has got up to someplace under $6 million, between $3 and $6 million.

Mr. HALEY. I just want to make the observation that it has taken engineers and others a lot of time and money to build these dams, but it took the Lord about 10 minutes out in Montana to knock one down.

Mr. THOMSON. It certainly did. If I am convinced that regulation of flow is necessary, I will heartily support the construction of such a facility.

As the chairman of the full committee remarked yesterday, that appears to me, too, to be the justification for further action and jurisdiction on the part of this committee and action on the part of the Congress for a facility here for the reregulation of the river.

It is clear from the testimony before the Senate committee that such could be adequately provided, as I mentioned, for a cost of somewhere between $3 and $6 million figure.

This would really accomplish the purpose and provide the fish and wildlife benefits instead of merely compounding the problem by the construction of another power facility that has to be operated in the same fashion.

I say that this project if authorized for construction would do irreparable harm to the reclamation program because it goes to the very basic principles on which we have relied for reclamation development since the 1906 amendment to the Reclamation Act of 1903.

The cost of the power is estimated by the Bureau of Reclamation to be 5.27 mills per kilowatt-hour. This is one of the things I would like to have the committee inquire into in their more extensive hearings.

I do not think it takes into consideration the increased cost of the project which I previously mentioned in my testimony.

If that is the fact, it would appear to me that the cost, based on present price levels, would be 5.5 to 6 mills per kilowatt-hour instead of the 5.27 mills per kilowatt-hour, depending upon the interest rate that is used in computing the cost of the power.

Mr. ROGERS. What would be the cost of the power to the producers generated from the coal?

Mr. THOMSON. The Bureau's studies in the Senate hearing show 5.8 mills as being the cost of alternate power produced by steam generation in the area there. I am not familiar with it beyond that.

It was cited as the figure that the Bureau has used. I have not inquired beyond that. It is 5.8 mills.

Be that as it may, though, whether it is a higher cost power than 5.27 or not, it is proposed to sell this power at an average of 3.67 mills

per kilowatt-hour, or an average loss of 1.6 mills per kilowatt-hour even accepting this 5.27 mills as the cost of the power.

The passage of the 1906 amendment to the Reclamation Act established the principle that revenues from power should be used to assist in paying irrigation costs. If power revenues are to be used for subsidizing uneconomic power, then there will be nothing left available for irrigation assistance.

The only other possible source of revenue would be from the general tax revenues or other sources of revenues from the reclamation funds.

This committee knows full well the difficulty we have in passing sound reclamation projects even when we are able to show that they will not cost the taxpayers of the Nation a single dime.

If we were to pervert this in my opinion, by changing the principle to say that the power revenues which will be used to subsidize power, instead of providing irrigation assistance, then I think we have dealt a death blow to the reclamation program for the future.

At this time I would like to call the attention of the committee to that which you have probably already observed, page 94 of the Senate report, in which Mr. Bennett, of the Bureau of Reclamation, is testifying and says:

> If the Idaho Power & Light, or the Idaho Power Co., in whose market area most of these customers are—

Referring to the preference customers—

> are the agencies to serve these increased loads, then that is a different question, but these people now have contracts for power with the Federal Government, and we believe that they should continue to receive from the Federal Government power to meet their growing loads.

Now, if you are going to follow that theory out, you end up with this idea that power must be used to subsidize power. It is changing it around to a TVA theory of operation for the entire area and every area that would have in it either a reclamation or a public works project of the Corps of Engineers.

I think that is something that this committee will want to go into at great length before you decide to proceed in changing the principle.

I do believe, and I repeat, that it would be a death blow to reclamation from the standpoint of irrigation and development of water resources.

Mr. ROGERS. Mr. Thomson, how much longer is your statement?

Mr. THOMSON. Not very much. It is rather short.

Mr. ROGERS. We will have to hurry along to get to the other witnesses.

Mr. THOMSON. All right.

I would like to mention that at page 5, in line 15 of the Senate bill as it passed the Senate, it contains this language:

> Installation of power-generating facilities shall be scheduled by the Secretary on the basis of providing for the additional power requirements of those entitled to preference and in the purchase thereof under the Federal reclamation laws.

Now, it was set out that that would mean that this would be a staggered installation of those facilities, that they would not all be put in right off and therefore it would not interfere with coal development.

I do not think that applies.

The language does not say that to me, or require that. Furthermore, then, you would have to decide what that was going to do to your payout because you would not have the revenues if you do not have the facilities constructed and operating.

Regardless, it is clear that under the philosophy that the power revenues subsidize power instead of assist reclamation, that philosophy is in this instance contained in this project.

During the recess of the Senate hearings in 1959, representatives of the Bureau of Reclamation and the Utah Power Co. came to almost complete agreement with regard to the payout and other similar financial aspects of this project. Without Burns Creek the Palisades project would pay out at the end of 33 years.

If Burns Creek is constructed it will require, under the method of computation used, whereby interest-free money is deferred until last; in other words, pay out the interest-free money on Palisades at the tail end and pay out Burns Creek ahead, it would take 59 years for the combined projects to pay out.

During this period of time the Palisades project alone would have accumulated a surplus of $30,341,946 for assistance to true reclamation projects.

This again points up something about this project that would in my opinion do a great harm to the reclamation program generally. We have always emphasized in presenting projects to the House in justifying reclamation projects that the money will all be repaid within a 50-year period, 10-year development period and 40 years thereafter.

I frankly thought that was the law, and I am confident that most other people do.

When the objection was raised to this project that even under the most favorable conditions of repayment it would require 59 years to pay off, the reclamation features or irrigation features and thus would exceed the payout period provided by law, argument was advanced by the Bureau based on some technicality that there is no requirement for such a 50-year payout period.

I doubt that, but I have not had the time to research it.

Be that as it may, the fact is that we have consistently justified reclamation on the basis of this 50-year payout and we should not depart from that just to construct an uneconomic power project.

This brings up another point. As I mentioned $850,000 of the Burns Creek project is allocated to irrigation. Some $13 million of the cost of the Palisades project is allocated to irrigation.

The Bureau would propose to defer payment of this interest-free portion until all the power allocation, which bears interest, has been paid in full. If this were not done, and if the Palisades project were to be paid off in its entirety first, with only these Palisades revenues required to make up the Burns Creek interest deficiency being applied to the Burns Creek project, then the payout period on the Burns Creek project would be 67 years.

I think the committee should make further inquiry in regard to this. Whether or not the investment is interest free, it is financed by the Government funds which bear interest and should be paid off as quickly as possible.

To do otherwise is certainly to add to the financial burden of the taxpayer.

The mention of interest deficiency on Burns Creek brings up another point. Burns Creek standing by itself would not generate revenues to pay interest on investment at 3 percent. It would be $311,000 short each year.

This is something I think should be the subject of further inquiry and consideration by this committee.

The question was raised as to the benefit cost on this. I would like to just call the committee's attention, because I think it needs further explanation, to the statement again of Mr. Bennett on page 93, the last Senate hearing, in which he says:

> I do not know whether a computation today, based on a 50-year period and 3 percent interest for Burns Creek, would give a 1 to 1 ratio. We do not make that kind of computation.

I think we need to find out what this really is.

The loss of Federal taxes would be $472,000 per year according to the Bureau figures.

Over the payout period this would amount to $24 million. The loss of State and local taxes on the steam facilities and coal replaced either in Wyoming, Utah, Idaho, or elsewhere, in the area, would be $250,000 per year, or $12 million during the payout period.

I would like to mention to the committee the provisions of H.R. 7107 which was introduced by myself, on May 12. I have mentioned that to this committee and I realize you are trying to move along and I am not going to go into detail now, but the Snake River from the Jackson Lake on down through to the Palisades Reservoir is used for a ditch to convey the water between these two spots.

When that is done during the irrigation season it raises the water level up above the good banks and on to the flood plains.

Because that river meanders so much it washes out the river and causes extensive flood damage and was ruining, and continues to, one of the most beautiful areas of this country.

I have certainly appreciated the interest of the water users. They are not ready to assume the bank control, operation and maintenance on that by themselves, but they were willing that that be put on as a guarantee from the Burns Creek Reservoir.

My bill would have put it on the Palisades. The reason that it is necessary is that with only about 2 percent of Teton County being in private ownership the Army Engineers will not accept their financial ability. They cannot show financial ability to operate and maintain this bank control revetment after it is constructed.

This would only be a guarantee of that from this project.

Frankly, I do not think it would ever cost anywhere near what they show would be $15,000 a year, but if this bill is reported out, I think this should be included.

In the Senate hearings at page 106 Mr. Crandall's testimony shows they would agree to that. It was not done on the Senate bill.

I certainly would want it to be considered by this committee.

If this bill is not reported out, I would be hopeful that this bill could receive separate consideration.

Now, Mr. Chairman, I am going to cut this short.

Mr. ROGERS. Mr. Thomson, I am going to have to stop your testimony in a very few minutes because we cannot allow the Members to

take all the time. These witnesses have traveled a great distance to testify.

I think it is only fair that we work this out on a time basis. If I had known your statement would consume this much time we would have agreed to hear your testimony and that of the Department of the Interior between now and 11 o'clock.

We will have to do that regardless of questions and answers.

Mr. THOMSON. I will just say in summary that this in my opinion is not a reclamation project as I have studied it; that it is purely a power project, not an economical one at that. It would do irreparable harm to reclamation and would replace steam generated power with subsidized power.

If this is a fact, I am confident that the committee, after going into the situation, would certainly not want to take a favorable position on it and that you will give it full consideration.

Mr. ROGERS. Thank you, Mr. Thomson, for your great contribution. Your membership on this committee is missed.

Are there any questions?

Mrs. PFOST. Mr. Chairman, I have a few questions to ask our colleague. One of them is:

Who will market the Kemmerer coal generating power?

Mr. THOMSON. That will be constructed by the Utah Power & Light Co. and will be their power to be disposed of in the area.

Who actually will market it from the standpoint of the distributor, I would not know. I point out the problem because of this tie-in.

This plant was to start construction in 1959, this year, but because of the power surplus in the area they entered into an arrangement or contract with the Idaho Power Co. whereby they got 150,000 kilowatts of electricity from them which I think came off Brownlee and then they delayed construction of the Kemmerer plant for 2 years, until 1961, and it will be in operation in 1963.

Mrs. PFOST. What was the price you said they would market this power for?

Mr. THOMSON. I am not familiar with their rate schedule. I mentioned the cost as shown by the Bureau reports, which is all I am familiar with, of general generated power at 5.8 mills in the area.

Mrs. PFOST. You do realize, Congressman, that some of the area that will be serviced by Burns Creek is now serviced by Idaho Power and that if Utah Power & Light does generate and distribute power from the Kemmerer plant, some of our people down in southeast Idaho might participate in the Idaho Power section?

Mr. THOMSON. I do not think that this would have anything to do with that. I reemphasize that because the Public Service Commission of Idaho would determine that, but where they get the power is another thing.

An interesting thing in regard to that is that Wyoming is not of one mind, but almost one mind as far as I can determine on this project. The wire that I had in support of this said the preference customers needed it to serve Teton National Park and Jackson Lake Lodge.

I do not think the cost of the power there is going to make one penny of difference in the $2 to $20 you pay for your room.

Mrs. PFOST. Which project do you say is necessary in order to serve the lodge?

Mr. THOMSON. They refer to this Burns Creek. This one wire I had in support of the project referred to Burns Creek. They would like to have it because they needed preference power.

Mrs. PFOST. You would not want to infer that the entire 90,000 kilowatts would go to that particular area, would you?

Mr. THOMSON. No, not at all.

Mrs. PFOST. I should like to point out to my colleague that our people will need to pump underground water to stabilize the economy in the area.

I note you feel because the Kemmerer plant would employ a great number of people it would be a real advantage to Wyoming. Well, it would be a real advantage to us in Idaho if the farmers were able to get additional power at a price they could afford to pay for it and supplement their income.

They, in turn, would be able to pay an income tax, too, and it would help the economy of the area.

Mr. THOMSON. I will say to the lady that I would support this, as I mentioned, if it were a reclamation project and an economic one and so forth.

There is a problem here—and I think it is equally important to Idaho—we have a problem out here in this area of developing our natural resources.

You just have to have a firm source and adequate reasonably priced power in order to do that. You are not going to find people coming in to, say, develop phosphate, which takes a lot of power, if they are going to be shut off from that power.

In 1, 2, 3, 5 years, down the line.

With this Kemmerer plant, they are going to have a firm source of supply that they can rely on 40 or 50 years down the line.

I think it means the real development of those phosphate beds along the Idaho, Wyoming, Utah border. I have checked into it, as have the geologists, and it is a very substantial deposit and a very important one. I just think we have to look at the whole picture here.

Mrs. PFOST. That is just the reason why I am bringing up some of these matters. I do think we need to look at the whole picture.

I have no quarrel with you whatsoever in your wanting to utilize your coal in Wyoming for the development of that area and certainly if we could participate in Idaho in that particular production of power, we would be very happy to have you help us by sending some power over our transmission lines into Idaho.

But we also have a problem here with the Palisades project which I am sure you are familiar with. In the first place, had it not been for Wyoming, we probably would not have to be coming back here asking for an additional reregulating dam; if Wyoming had not objected to our raising the Palisades Dam to the height we needed for reregulation purposes.

This reregulation program is one which will firm up the irrigation in that area and give us more firm power at the same time.

I just hope that the Congressman will be able to understand that we have a reason over in Idaho to develop our resources, too.

Mr. THOMSON. I have tried to cooperate on that any place that to me it appeared to be within the principles I subscribed. I do appreciate that.

I do not think this project will do it. When it comes to pumping power it is something that has been a matter of concern to me for some time. They have this pumping power around the area here and yet in the State of Wyoming where we store most of the water and generate the electricity we do not get the advantage of this cheap pumping power.

I cannot see subsidizing one farmer over another any more than you subsidize somebody else over another, either. I think that when it is dump power we should give the irrigation every break. But the Bureau is not exactly consistent in how they handle that.

Mr. ROGERS. Now, let the Chair say this: I will recognize members for another 5 minutes for questions to Mr. Thomson. Then we are going to the departmental witnesses.

Are there any other questions of Mr. Thomson?

Mr. SAYLOR. Mr. Chairman, I am not going to ask any questions, but I want to say I understood that Mr. Thomson will have an opportunity to come back here at a later date so that the members can examine him.

I realize the urgency of having other witnesses. Therefore, I am not going to ask any questions.

Mr. ROGERS. The Chair will say it is distinctly understood and I am sure that Mr. Thomson will be back without benefit of a subpena.

Mr. ULLMAN. Mr. Chairman, I want to add that I have a number of questions that I would have asked Mr. Thomson had the time been available today because I think in his testimony he opened up many, many areas that are very extensive in this whole problem of reclamation.

I would say that I would disagree with him rather violently on some of his conclusions and, with the reservation that in the future we will have an opportunity to question him, I will not press my questions at this time.

Mr. ROGERS. Let the Chair say that there will be ample opportunity for this whole matter to be gone into thoroughly and exhaustively.

These people have come a long way and I think we ought to give them an opportunity to be heard.

Are there any other questions?

If not, thank you very much, Mr. Thomson.

At this time I will announce any Members of Congress who wish to insert statements in the record will be allowed to do so.

The next witness to be recognized is Mr. N. B. Bennett, Assistant Commissioner of Reclamation, accompanied by Mr. Harold T. Nelson, Regional Director, Bureau of Reclamation, Boise, Idaho.

Mr. SAYLOR. Mr. Chairman, I have no objection to hearing this witness, but they are available any time. If it is the desire of the Chair to hear people who came from out in the area, I think it might serve a useful purpose to excuse the Bureau witnesses and allow them to appear next year so that their testimony can be heard all then at one time.

Mr. ROGERS. With the view of trying to keep the record straight, the Chair will advise the gentleman from Pennsylvania that he would prefer to have them make a statement at this time, which, of course, will have to be confined to 20 minutes and to make any insertions that they desire so that the record will be properly documented to begin with.

Of course, we will expect to hear these witnesses again at a subsequent date.

Mr. Bennett, you may proceed with your statement.

STATEMENT OF N. B. BENNETT, ASSISTANT COMMISSIONER OF RECLAMATION, ACCOMPANIED BY HAROLD T. NELSON, REGIONAL DIRECTOR, BUREAU OF RECLAMATION, BOISE, IDAHO

Mr. BENNETT. Mr. Chairman and members of the committee, this statement will supplement and bring up to date data concerning the proposed Burns Creek Dam, Reservoir, and powerplant, which were originally presented to this House committee on June 18, 1957, in connection with hearings on H.R. 576.

The Department of the Interior by letter of April 21, 1959, reported favorably, with a few suggested minor amendments, on the identical bills, H.R. 1235 and S. 281, which would authorize the proposed Burns Creek development.

The Bureau of the Budget comments are contained in its letter of April 20, 1959. S. 281 as passed by the Senate is acceptable to the Department of the Interior.

Before going further into my prepared statement, I would like to clarify and explain one statement which I made before the Senate committee during hearings on this same bill. That statement has been referred to twice during the course of this hearing.

Mr. ROGERS. Mr. Bennett, let me ask you this before you go on with that. In the interest of time, could you let your whole statement be inserted into the record and just briefly refer to it, making any comment you want to make?

Mr. BENNETT. I will be happy to do that, Mr. Chairman, if you desire.

Mr. ROGERS. Fine.

You may proceed, and your statement will be included in the record in full at this point.

Mr. BENNETT. Thank you, sir.

(The statement referred to follows:)

STATEMENT BY BUREAU OF RECLAMATION AT HEARINGS ON S. 281 TO AUTHORIZE BURNS CREEK DAM AND RESERVOIR

This statement will supplement and bring up to date data concerning the proposed Burns Creek Dam, Reservoir, and powerplant which were originally presented to this House committee on June 18, 1957, in connection with hearings on H.R. 576.

The Department of the Interior by letter of April 21, 1959, reported favorably, with a few suggested minor amendments, on the identical bills H.R. 1235 and S. 281, which would authorize the proposed Burns Creek development. The Bureau of the Budget comments are contained in its letter of April 20, 1959. S. 281 as passed by the Senate is acceptable to the Department of the Interior.

The project is essentially the same as that described in the report of the Secretary of the Interior transmitted to the Congress on April 4, 1957, and subsequently printed as House Document 147, 85th Congress, 1st session.

This project, in brief, would consist of a 175-foot high, rolled earthfill dam, 1,900 feet long, located on Snake River about 30 miles downstream from the existing Palisades Dam, Reservoir, and powerplant and about 38 miles east, or upstream, from Idaho Falls, Idaho. The dam will form an 18-mile long reservoir with total storage capacity of 234,000 acre-feet, of which 100,000 acre-feet would be set aside for holdover irrigation storage, 17,000 acre-feet would be

set aside for reregulation of peaking power discharges from Palisades Reservoir, with the remaining 117,000 acre-feet being used to maintain a conservation pool and for at-site power head.

The powerplant would consist of three 30,000-kilowatt units for a total of 90,000 kilowatts, together with the necessary switchgear, substation, and transmission facilities to connect with the existing substation at Palisades Dam and at Goshen substation of the Utah Power & Light Co., near Idaho Falls. The Burns Creek development would be integrated electrically, hydraulically, and financially with the existing Palisades project. The Palisades Reservoir of 1,200,000 acre-feet of active capacity was filled for the first time in 1959, although the 114,000-kilowatt powerplant has been in operation for 2 years.

PROJECT COST

As originally reported, the project would have cost $40,310,000 at January 1956 price levels, which was indexed up to $44,240,000 in the 1957 hearings. The estimated cost of new facilities at January 1959 price levels is $45,430,000, allocated as follows:

Irrigation	$849,000
Power	44,532,000
Fish, wildlife, and recreation	49,000
Total, new facilities	45,430,000

RATIO OF BENEFITS TO COSTS

As originally reported, the ratio of benefits to costs amounted to 1.27 to 1 over a 50-year period of analysis and 1.48 to 1 for a 100-year period. The 1957 reanalysis developed a benefits-to-cost ratio of 1.19 to 1 for the 50-year period and 1.40 to 1 for the 100-year period. Although 1959 costs are somewhat higher, there would be a corresponding increase in power benefits so that the previously reported benefit-to-cost ratios would show little change and are considered to be valid for 1959 conditions.

REPAYMENT

As originally proposed, the plan of financial as well as operational integration with Palisades project would mean that irrigation storage would be paid for by water users at the same rate per acre-foot as for Palisades space and the incremental power output added to the system by Burns Creek powerplant would be marketed at the existing Palisades wholesale rate structure. The allocation to fish, wildlife, and recreation would be nonreimbursable.

Project payout is proposed to be accomplished as outlined in the original report except that all commercial power investment costs will be amortized at 3 percent interest instead of the 2½ percent used in the original calculations. On this basis irrigators would pay $775,000 of the $849,000 allocated to irrigation in 40 years without interest. The balance of $74,000 would be assigned for repayment by power revenues. The commercial power investment of $44,532,000 plus interest during construction would be repaid from system power revenues and the $49,000 allocated to fish, wildlife, and recreation would be nonreimbursable.

Payout under provisions of H.R. 1235

On the above basis, under the provisions of H.R. 1235 complete payout would be accomplished in the 50th year of full operation of the Burns Creek powerplant and in the 58th year of operation of the Palisades powerplant. A table showing consolidated project costs, cost allocations, and repayment is attached as table 1.

REPAYMENT UNDER PROVISIONS OF S. 281

S. 281 has the effect of scheduling the installation of the three Burns Creek generators to meet the additional power requirements of preference customers under the Federal reclamation laws. On the basis of present load growth estimates it is assumed that unit 1 would be in service at the beginning of fiscal year 1966 (July 1965), and units 2 and 3 at the beginning of fiscal year 1970 (July 1969). The project payout schedule outlined above for H.R. 1235 would be altered to take account of a lesser interest during construction, lesser power revenues during the period of deferment of the second and third generators, but

a considerably higher amortization-period interest. It is estimate that complete payout of the entire project would be accomplished in the 50th year of full operation of Burns Creek powerplant.

MARKET FOR IRRIGATION STORAGE SPACE

The active capacity of Palisades Reservoir was fixed by site limitations at 1,200,000 acre-feet and this space was oversubscribed to the point where it became necessary for the Government to set up an advisory committee to cut the requests back to the amount available. As of this date 56 contracts have been agreed to by water user entities for all of the available Palisades space. As a result of this oversubscription, the water users signing Palisades contracts agreed that any long-term holdover irrigation storage spoce—up to 300,000 acre-feet—constructed in the future on Snake River or tributaries, if made available to Palisades space contractors, would be operated as though it had the same priority as far as use is concerned as Palisades space. The language of both H.R. 1235 and S. 281 permit this provision to apply to the 100,000 acre-feet of new irrigation storage space in Burns Creek Reservoir, which has the effect of very greatly increasing the effectiveness of the Burns Creek space for irrigation purposes.

In October 1958 the watermaster of water district No. 36, who was also a member of the Palisades Space Allocation Committee, issued a call for applications for Burns Creek space on a when, as, and if available basis. This space was again immediately oversubscribed when some 53 entities submitted applications for 141,000 acre-feet against the 100,000 acre-feet that might be available. The list of these applicants is attached as table 3.

POWER PRODUCTION AND MARKET

As pointed out in the original report, the firm energy production of the Burns Creek-Palisades combination would be double that of Palisades alone, and the reregulating benefit of Burns Creek Reservoir would permit the existing Palisades powerplant to generate the winter peaking power for both plants. Specifically, the total average energy output, based on a 26-year study period (1928–53), goes up from 635 million kilowatt-hours per year for Palisades alone to 1,129 million kilowatt-hours for both. Salable output based on the average of the 26-year study would amount to 1,021 million kilowatt-hours for Palisades and Burns Creek powerplants combined, compared to 577.9 million kilowatt-hours from Palisades alone, an increase of 443.1 million kilowatt-hours. Salable year-around firm energy would increase from 131.4 to 275 million kilowatt-hours. Seasonal summer firm energy (Federal and non-Federal pumping and energy for Minidoka project) would increase from 167.5 to 322.1 million kilowatt-hours.

Power rates

It is estimated that all reimbursable project costs, including irrigation assistance, will be returned within the provisions of reclamation law at the existing Palisades project wholesale rate structure. Under this schedule the rate of return is approximately 4.7 mills per kilowatt-hour for firm; 4.5 mills per kilowatt-hour for irrigation season firm; 3 mills per kilowatt-hour for pumping energy to existing Federal porjects; 3 mills per kilowatt-hour for seasonal nonfirm available 90 percent of the time; and 2 mills for dump energy. The average wholesale rate for the Burns Creek and Palisades combination, based upon total average year generation less losses, would be 3.48 mills per kilowatt-hour.

Power market

The Federal Power Commission, reporting on Burns Creek project in 1957, stated: "The rate of load growth in the area is such that the output of the project could be utilized as soon as it is completed."

All firm power available from Snake River Basin plants, including Palisades, has been sold to some 20 preference customers and Federal irrigation projects, some of whom started taking power from the original Minidoka plant in 1911. At the present time the peak requirements of a number of these customers exceeds their present contract ceiling, as is illustrated in table 4. A recently executed integration contract with the Idaho Power Co. will enable the Government to increase these contract amounts by approximately 30,000 kilowatts. However, the 20 preference customers submitted applications totaling 42,000 kilo-

watts, which will need to be scaled down to the amount available, which means that load growth will have overtaken system capacity by about 1962–63. These applications are listed in table 5.

It appears that it would not be possible to complete the installation of the first unit at Burns Creek in time to match the load growth requirement. The first unit could be on the line in 1965, and under the provisions of S. 281 it is estimated that the completion of the second and third units will be required no later than 4 years after the first unit, to meet developing summer loads, which include large amounts of underground irrigation pumping.

TABLE NO. 1.—*Costs, allocations, repayment, Burns Creek-Palisades project*

[January 1959 price levels under H.R. 1235]

	Palisades	Burns Creek	Total
COSTS			
Dam and reservoir	$44,735,000	$13,343,000	$58,078,000
Powerplant	12,022,000	28,103,000	40,125,000
Switchyard	1,512,000	1,211,000	2,723,000
Goshen transmission	2,290,000	2,082,000	4,372,000
Communication	46,000		46,000
Camp	755,000	642,000	1,397,000
Fish and wildlife and recreation	640,000	49,000	689,000
Total construction cost	62,000,000	45,430,000	107,430,000
nterest during construction	1,030,222	3,340,000	4,370,222
Total	63,030,222	48,770,000	111,800,222
ALLOCATION			
Nonreimbursable:			
Flood control	22,456,000	0	22,456,000
Fish and wildlife and recreation	640,000	49,000	689,000
Total nonreimbursable	23,096,000	49,000	23,145,000
Reimbursable:			
Irrigation	18,868,000	849,000	19,717,000
Commercial electric plant	11,821,240	44,532,000	56,353,240
Irrigation electric plant	8,214,760	0	8,214,760
Subtotal, reimbursable	38,904,000	45,381,000	84,285,000
Interest during construction	1,030,222	3,340,000	4,370,222
Total reimbursable	39,934,222	48,721,000	88,655,222
REPAYMENT			
Irrigation allocation:			
Irrigators	9,300,000	775,000	10,075,000
Aid from commercial power	9,568,000	74,000	[1] 9,642,000
Subtotal	18,868,000	849,000	[1] 19,717,000
Irrigation electric plant	8,214,760	0	8,214,760
Commercial electric plant:			
Allocation	11,821,240	44,532,000	56,353,240
Interest during construction	1,030,222	3,340,000	4,370,222
Total	12,851,462	47,872,000	60,723,462
Total reimbursable	39,934,222	48,721,000	[1] 88,655,222

[1] Does not include $4,348,600 irrigation assistance which will be provided from power revenues for Michaud division of the Fort Hall Indian Reservation and Michaud Flats project (Public Law 741, 83d Cong., 2d sess.).

TABLE No. 2.—*Costs, allocations, repayment, Burns Creek-Palisades project*

[January 1959 price levels under S. 281]

	Palisades	Burns Creek	Total
COSTS			
Dam and reservoir	$44,735,000	$13,343,000	$58,078,000
Powerplant	12,022,000	28,103,000	40,125,000
Switchyard	1,512,000	1,211,000	2,723,000
Goshen transmission	2,290,000	2,082,000	4,372,000
Communication	46,000		46,000
Camp	755,000	642,000	1,397,000
Fish and wildlife and recreation	640,000	49,000	689,000
Total construction cost	62,000,000	45,430,000	107,430,000
Interest during construction	1,030,222	3,113,000	4,143,222
Total	63,030,222	48,543,000	111,573,222
ALLOCATIONS			
Nonreimbursable:			
Flood control	22,456,000	0	22,456,000
Fish and wildlife and recreation	640,000	49,000	689,000
Total nonreimbursable	23,096,000	49,000	23,145,000
Reimbursable:			
Irrigation	18,868,000	849,000	19,717,000
Commercial electric plant	11,821,240	44,532,000	56,353,240
Irrigation electric plant	8,214,760	0	8,214,760
Subtotal, reimbursable	38,904,000	45,381,000	84,285,000
Interest during construction	1,030,222	3,113,000	4,143,222
Total reimbursable	39,934,222	48,494,000	88,428,222
REPAYMENT			
Irrigation allocation:			
Irrigators	9,300,000	775,000	10,075,000
Aid from commercial power	9,568,000	74,000	[1] 9,642,000
Subtotal	18,868,000	849,000	[1] 19,717,000
Irrigation electric plant	8,214,760	0	8,214,760
Commercial electric plant:			
Allocation	11,821,240	44,532,000	56,353,240
Interest during construction	1,030,222	3,113,000	4,143,222
Total	12,851,462	47,645,000	60,496,462
Total reimbursable	39,934,222	48,494,000	[1] 88,428,222

[1] Does not include $4,348,600 irrigation assistance which will be provided from power revenues for Michaud division of the Fort Hall Indian Reservation and Michaud Flats project (Public Law 741, 83d Cong., 2d sess.).

Table No. 3. Applications for Burns Creek space

IDAHO FALLS, IDAHO, *November 24, 1958.*

Subject: Burns Creek Reservoir.

A circular letter was sent October 8, 1958, to holders of Palisades Reservoir space asking that those who desire additional space in the proposed Burns Creek Reservoir file their applications for same. Replies have been received to date from 53 canal companies, irrigation districts, and individuals, making application for a total of 141,740 acre-feet in the Burns Creek Reservoir. Inasmuch as there is only 100,000 acre-feet of available space it will be necessary for the Bureau of Reclamation to appoint an allocation committee to allot the available space in accordance with the greatest needs of the applicants.

The following applications have been received:

	Acre-feet
C. Warren Blakely, Route 2, Rigby	250
Marion Blakely, Ririe	800
Jay, Keith, and Garth B. Bramwell, Star Route, Roberts	1,700
Butler Island Canal Co., Rigby	1,200
Melvin Danielson, Route 4, Idaho Falls	100
Danskin Ditch Co., Moreland	1,000
Dilts Irrigation Co., Ltd., Lorenzo	200
Enterprise Canal Co., Ltd., Rigby	20,000
Farmers Friend Irrigation Co., Idaho Falls	8,500
Harry Fell, Route 2, Rigby	300
Lee L. Frodsham, Route 2, Burley	900
Chester W. Geisler, Lorenzo	100
D. V. Hagenbarth, Island Park	320
Howard Hatfield, Box 625, Palisades	200
A. O. Hogan, Star Route, Ririe	300
Idaho Irrigation District, Idaho Falls	21,200
Island Irrigation Co., Lorenzo	2,500
Thomas W. Jackson, Route 1, Roberts	200
J. W. Jones, Route 2, Rigby	100
Vance C. Koon, Thornton	780
Labelle Irrigating Co., Rigby	800
Liberty Park Irrigation Co., Rexburg	1,000
Ralph O. Lounsbury, Route 2, Rigby	300
Lowder Slough Irrigation Co	1,000
Lee Marshall & Sons, Route 5, Idaho Falls	100
W. A. Miller, Box 154, Rigby	200
Milner Low Lift Irrigation District, Murtaugh	15,500
B. D. Murdock, Roberts	120
North Side Canal Co., Ltd., Jerome	16,600
Parks & Lewisville Irrigation Co., Rigby	6,000
Parsons Ditch Co., Blackfoot	300
Progressive Irrigation District, Idaho Falls	10,000
Reid Canal Co., Thornton	1,000
D. F. Richards, Idaho Falls	1,000
Rigby Canal & Irrigating Co., Inc., Rigby	1,700
Frederick J. Roth, Lorenzo	200
Richard Roth, Route 1, Thornton	100
Rudy Irrigation Canal Co., Ribgy	800
H. Allen Sellers, Route 2, Rigby	500
Shattuck Irrigation Co., Idaho Falls	1,100
Ervin B. Smith, Thornton	200
Snake River Valley Irrigation District, Shelley	9,700
Francis Stoltenberg, Swan Valley	200
Sunnydell Irrigation District, Thornton	5,000
Texas Slough Irrigating Canal Co., Rexburg	1,000
H. W. Tomchak, Roberts	20
Utah-Idaho Sugar Co., Idaho Falls	4,000
Watson Slough Ditch & Irrigation Co., Blackfoot	650
Arvey A. Weeks, Swan Valley	400
Ivan R. Weeks, Swan Valley	200
Virgil Rutledge, Lorenzo (White ditch)	200
Lloyd Wilkins, Star Route, Ririe	100
Woodville Canal Co., Idaho Falls	1,100
Total	141,740

LYNN CRANDALL, *Watermaster.*

TABLE No. 4.—*Existing contract rates of delivery as related to maximum demand, Federal customers, Snake River Federal power system—commercial power contracts*

	Contract rate of delivery (kilowatts)		Highest recent maximum demand (kilowatts)			
	Winter	Summer	Winter		Summer	
Boise project: Prairie Power Co-op.	250	250	October 1958	353	September 1958	437
Palisades project:						
City of Idaho Falls	18,000	16,000	November 1958	18,916	September 1958	14,914
Fall River REA	1,900	3,100	October 1958	1,738	July 1959	2,951
Lost River REA	3,500	4,100	January 1959	2,246	July 1959	3,547
Lower Valley	2,600	2,300	February 1959	2,740	July 1959	3,460
Subtotal	26,000	25,500				
Minidoka project:						
Albion	460	310	January 1959	408	May 1959	316
Burley	7,000	5,900	January 1959	6,500	May 1959	5,650
Declo	240	170	January 1959	236	September 1958	224
Heyburn	640	440	March 1959	1,230	May 1959	1,210
Minidoka	250	200	January 1959	150	May 1958	134
Rupert	5,400	4,000	January 1959	4,400	September 1958	3,500
East End Mutual Electric Co.	570	440	January 1959	540	September 1958	408
Farmers Electric Co	320	240	January 1959	275	September 1958	207
Raft River Rural Electric Co	1,050	7,000	October 1958	2,980	July 1959	11,040
Riverside Electric Co	440	390	February 1959	388	May 1959	328
Rural Electric Co	1,800	1,800	February 1959	1,544	September 1958	1,468
South Side Electric Co	800	1,900	October 1958	829	July 1959	1,562
Unity Light & Power Co	2,320	1,990	January 1959	2,188	September 1958	1,772
Walcott Electric	150	130	January 1959	129	September 1958	118
Paul Electric Co	1,550	1,150	January 1959	1,440	September 1958	1,248
Subtotal	23,590	26,060				

TABLE No. 5.—*Immediate customer requirements to year 1964 (peak kilowatts)*

Contractor	Summer		
	Present C.R.D.	1958 peak	1964 request
Albion	310	296	536
Burley	5,900	5,000	8,000
Declo	170	224	360
East End	440	408	614
Fall River	3,100	2,950	6,800
Farmers	240	207	276
Heyburn	440	500	3,800
Idaho Falls	16,000	14,914	24,900
Lost River	4,100	2,167	4,685
Lower Valley	2,300	2,940	5,900
Minidoka	200	134	147
Paul	1,150	1,248	1,620
Prairie	250	437	825
Raft River	7,000	9,972	21,998
Riverside	390	320	480
Rural	1,800	1,468	3,400
Rupert	4,000	3,500	4,799
South Side	1,900	1,374	2,501
Unity	1,990	1,772	2,304
Walcott	130	118	190
Total	51,810	49,949	94,135

Mr. BENNETT. At the time I was before the Senate committee I made this statement which has been quoted out of context:

These people now have contracts for power with the Federal Government and we believe they should continue to receive from the Federal Government power to meet their growing needs.

That particular testimony was presented following earlier testimony which had shown that the Burns Creek development was a feasible undertaking and was useful in making full development of the water resources of the particular stretch of Snake River.

It should be recognized that the project was not planned or proposed on the assumption that the Federal Government had a responsibility in meeting the growing power loads.

It was initiated in an effort to improve Palisades operations and the powerplants were asked to improve and make fuller use of an existing reservoir and resource.

It should be recognized also that the Interior Department as well as the Bureau of the Budget had already approved the Burns Creek report at the time the testimony was presented.

That report indicated that the market for the additional power from the combined Burns Creek-Palisades powerplant was as a result of the increasing loads of preference customers now being served by the Federal power system in southern Idaho.

Consequently, if the project were to be constructed these customers should be those who would receive the increased Federal power rather than going to new customers.

Now, I have one additional comment. The Burns Creek proposal does not in any way set a precedent. Throughout the years the Bureau of Reclamation, in attempting to develop resources at particular sites or particular river stretches, has constructed many reregulating reservoirs quite similar to the Burns Creek proposal.

For example, we have Kennewick, below Shasta Dam, which contains a powerplant and reregulates Shasta releases.

We have the Nimbus powerplant below Folsom Reservoir.

We have Davis-Parker below Hoover Dam.

We have Kevoyo below Elephant Butte, Olympus below Estes, Horse Tooth in the Big Thompson system.

We have the Gray Reef Dam which was authorized by this Congress just last year.

So we cannot state that this is a precedent.

Now, Mr. Chairman, I will point out in my prepared statement some of those items that I think are extremely important and particularly those places wherein certain things have changed since we testified earlier.

As originally reported, the project would have cost $40,310,000. That was based upon January 1, 1956, price levels.

The estimate cost of new facilities at January 1959 price levels is $45,430,000. That has been tentatively allocated: irrigation, $849,000; power, $44,532,000; fish and wildlife and recreation, $49,000, which comes to the total of $45,430,000.

As originally reported the ratio of benefits to cost amounted to 1.27 to 1 over a 50-year period of analysis and 1.48 to 1 for a 100-year period.

Although the 1959 costs are somewhat higher, there would be a corresponding increase in power benefits so that the previously reported benefit-to-cost ratios would show little changes and are considered to be valid for 1959.

Those ratios which were developed for the 1957 hearings are 1.19 to 1 for the 50-year period, and 1.40 to 1 for the 100-year period.

Now, as to repayment we still contemplate that repayment would be accomplished as in the original report except that all commercial power investment costs will be amortized at 3 percent interest.

On this basis irrigators would pay $775,000 of the $849,000 allocated to irrigation in 40 years without interest.

The balance of $74,000 would be assigned for repayment by power revenues.

The commercial power investment of $44,532,000 plus interest during construction, would be repaid from system power revenues and the $49,000 allocated to fish and wildlife and recreation would be nonreimbursable.

You obtain a slightly different payout under the provisions of H.R. 1235 than you do under the provisions of S. 281. The reason for this is that under S. 281 there would be a somewhat slower installation of generators to match the growing load of the preference customers. Under H.R. 1235 complete project payout would be accomplished in the 50th year of full operation of the Burns Creek powerplant, which is the 58th year of operation of the Palisades powerplant.

Attached to my statement is table 1 which shows the consolidated project cost, the allocations, and the repayments.

Now, under the provisions of S. 281 the complete payout of the entire project would be accomplished in the 50th year of full operation of the Burns Creek powerplant. So far as the irrigation space is concerned, we have on hand already applications for that water that exceed the amount of the water that will be available.

There can be little question about the ability to market that space at the rate of $7.75 per acre-foot.

Mr. HALEY. May I ask a question?

Mr. ROGERS. Mr. Haley.

Mr. HALEY. Mr. Bennett, on the allocation of the water, and I see that you have already taken applications out there, I notice that three organizations or corporations have made applications for a total of 36,000 acre-feet. One of them is 16,600, another one with a 20,000-foot application which have after them "Ltd."

Is that a Canadian outfit?

Mr. NELSON. No, sir.

Mr. HALEY. What does the "Ltd." stand for?

Mr. NELSON. That is a canal company organized under the laws of the State of Idaho. Not being an attorney, I am certain I cannot tell you.

Mr. ROGERS. Let the Chair make this comment: There is such a thing as an organization in this country followed by "Ltd." which means limited partnership.

Mr. HALEY. I just wanted to be sure we were not furnishing the Canadians any water.

Mr. BENNETT. On the power production and marketing, Mr. Chairman, the total average energy output based upon our 26-year study period increases from 635 mililon kilowatt-hours per year for Palisades alone, to 1,129 million kilowatt-hours for the combined generation.

The power rates that we would propose there are the same rates now in existence for the Palisades project. This rate schedule returns approximately 4.7 mills per kilowatt-hour for firm power, 4½ mills

for irrigation season firm; 3 mills per kilowatt-hour for pumping energy, to existing Federal projects, 3 mills per kilowatt-hour for seasonal nonfirm available; 9 percent of the time and 2 mills for dump energy.

The average wholesale rate for combined Burns Creek-Palisades would be 3.48 mills per kilowatt-hour.

All firm power available from the Snake River Basin plants including Palisades, has been sold to some 20 preference customers and Federal irrigation projects, some of whom started taking power from the original Minidoka project in 1911.

At the present time the peak requirement of a number of these customers exceeds their present contract ceiling as is illustrated in table 4 attached to my statement.

A recently executed integration contract with Idaho Power Co. will enable the Government to increase these contract amounts by approximately 30,000 kilowatts.

However, the 20 preference customers submitted applications totaling 42,000 kilowatts which will need to be scaled down to meet the amount available.

This means that load growth will have overtaken system capacity by about 1962 or 1963.

The applications that we received are listed in table No. 5.

It appears that it would not be possible to complete the installation of the first unit at Burns Creek in time to match the load growth requirements.

The first unit could be on the line in 1965 and under the provisions of S. 281 it is estimated that the completion of the second and third units will be required no later than 4 years after the first unit to meet developing summer loads which include large amounts of underground irrigation pumping.

I think that briefs my prepared statement, Mr. Chairman.

Mr. ROGERS. Thank you, Mr. Bennett, for an excellent briefing of that statement. I think it is very clear and very concise.

Are there any questions?

Mrs. PFOST. Mr. Chairman, I would like to ask about the figure Congressman Thomson used in his testimony, that to build the dam itself without the power facilities the Bureau of Reclamation had given a figure of something like $2,103,000.

I notice in table 1 of your cost allocation repayment schedule that for a dam and reservoir on Burns Creek you show $13,343,000.

Is this the same structure that Congressman Thomson was referring to?

Mr. BENNETT. No, ma'am. Mr. Thomson is referring to a dam known as the Conant Valley Dam, which we investigated, starting back about 1951. That was a dam which we considered along with several others for the purpose of straight reregulation of the Burns Creek releases.

That is a 17,300 acre-foot capacity reservoir. We did estimate the cost of that dam originally at a little more than $2 million.

However, further investigation of that particular site, further study of the flood flows of the river, showed us that the spillway capacity was too small. If we adjusted that and if we indexed those costs up to date, that structure would cost about $6,100,000.

Mrs. PFOST. On what cost index year were these estimates made?

Mr. BENNETT. Those were January 1952 prices.

Mrs. PFOST. Will this Conant project take the place of the Burns Creek project?

Mr. BENNETT. No, it was for a somewhat different purpose. It was intended as a straight reregulation reservoir without any power installation at that point.

It was a feasible undertaking in the sense that the benefits would exceed the costs.

However, we could accomplish the same thing cheaper if we purchased power to firm up Palisades.

Therefore, we did not believe that it was a justified investment.

Mrs. PFOST. How far down from the Palisades would the Conaut Valley project be?

Mr. BENNETT. We considered four sites below Palisades that ranged from about 16 to 30 miles below. We have the Swan Valley site, Conant Valley, and Dry Creek site and Burns Creek.

We looked at all four of those sites. Burns Creek being the one about 30 miles below Palisades.

Mrs. PFOST. I have had letters from farmers in the area stating their need for additionial power to pump water.

Do you know whether the demands from the area will be sufficient that we need the Burns Creek in addition to the Kemmerer, Wyo., coal generation plant that Mr. Thomson spoke about?

Mr. BENNETT. We recognize that the farmers throughout that area are quite interested in power for irrigation pumping. Many of them are pumping from the ground-water basins that exist throughout that area. They have indicated a great desire for pumping power.

Mrs. PFOST. Are you familiar with the types of crops grown in this particular area?

Mr. BENNETT. Yes, ma'am.

Mrs. PFOST. Are there many surplus crops grown in the area?

Mr. BENNETT. So far as I am aware, there are no so-called surplus crops in this area. If there are any, they are very, very minor.

It is basically alfalfa——

Mr. SAYLOR. Will you specify what you mean by area?

Mrs. PFOST. The area that Burns Creek will serve, Mr. Saylor. That would be the southeast area in Idaho that surrounds Burns Creek in which power would be transmitted for pumping purposes.

Mr. SAYLOR. Is that 1 mile, 2 miles, 10 miles?

Mr. ROGERS. Will the lady yield?

Mrs. PFOST. Yes, I will yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Mr. Bennett, will you tell us how far out it is? I have visited this area. I have seen some of the crops out there. I can tell you very frankly I have asked the Department of Agriculture to furnish me with the table of the crops grown out there. I have seen mile after mile of wheat out in that area.

Now, I want to know where you are going to market this power and where you are going to do the underground pumping. Let us limit this testimony and let us not deal in generalities.

Mr. BENNETT. You are correct, there is wheat grown in some parts of Idaho. The wheat is not irrigated in most instances. It is dryland farming for wheat.

The area I am referring to is that along the river that is irrigated from Palisades clear down to about American Falls. That is the main irrigated area in that valley.

Those crops are to a great extent, alfalfa, potatoes, certain types of vegetables, some melons, sugar beets, things of that sort.

It is that type of economy.

Mrs. PFOST. Mr. Chairman, I will reserve the balance of my time if I may.

Mr. ROGERS. Mr. Saylor, do you have any further questions?

Mr. SAYLOR. I want to ask Mr. Bennett, since he has brought these figures up to date on January 1, 1959, if he had any idea what the long-term bonds which Uncle Sam was selling on January 1, 1959, were costing?

Mr. BENNETT. No, I do not know what that interest rate is for that particular time.

Mr. SAYLOR. If I were to tell you that the interest rate for long-term bonds sold at that time was above 4 percent, what effect would it have on this project?

Mr. BENNETT. There is no question but what a 4-percent interest rate analysis would increase the length of payout period for this project.

Mr. SAYLOR. Just increase the length of the payout period?

Mr. BENNETT. If you kept the rates constant; yes, sir.

Mr. SAYLOR. Then you state that these remarks that you made were taken out of context, which have been referred to by several witnesses?

Mr. BENNETT. They were, I think, made without full recognition of all the testimony that had gone before, Mr. Saylor.

Mr. SAYLOR. Mr. Bennett, I have read it again and again and again. While you may try to weasel out of what you have said, there is no doubt about your statement. It is the statement that there is a continual responsibility on the Federal Government to supply preference customers with power to meet their growing needs.

Very frankly, if that is the case, if that is the attitude of the Bureau of Reclamation, we need not worry about Mr. Khrushchev's statement that our grandchildren will live under communism.

If that is the philosophy of the people in the Bureau of Reclamation who handle these matters, we are living under it and we might as well face up to it.

Mr. ROGERS. Will the gentleman yield to the Chair for a moment?

Mr. SAYLOR. I will.

Mr. ROGERS. The Chair wants to relax this firm statement about 11 o'clock and grant an additional 10 minutes in view of the discussion.

Mr. SISK. Will the gentleman yield at that point?

Mr. SAYLOR. I want to hear what he has to say.

Mr. BENNETT. Mr. Congressman, neither the Bureau of Reclamation nor myself believe that the Federal Government has any utility type of responsibility. I so testified before the Senate committee earlier in response to a question by Senator O'Mahoney. I indicated to him that in the event the customers now served by the Federal Government within any market area, if their demands exceeded the availability of Federal power in that area, then they would have to look elsewhere for power. I so testified in the same hearing.

Now, that is my basic thinking and it is the basic thinking of the Bureau of Reclamation. We believe in this instance that here is an opportunity to make a complete development of a natural resource and that if that resource is developed the logical thing to do with it is to serve the customers which we now have rather than seek new customers.

Mr. ULLMAN. Will the gentleman yield?

Mr. SAYLOR. No.

Mr. BENNETT. That in my judgment does not espouse a utility type of concept at all.

Mr. SAYLOR. Suppose this project is not built. The only thing that this committee authorizes is a reregulating reservoir, then what is the position of the Bureau of Reclamation?

Mr. BENNETT. In that event as soon as the customers that receive the 30,000 kilowatts we have obtained by integration with Idaho Power have reached that limit, they will simply have to look elsewhere for their power.

Mr. SAYLOR. Now, Mr. Thomson stated in his testimony that he has been informed that the Bureau of Reclamation did not believe that the Palisades Dam was limited by a 40-year period. Is that your philosophy and belief?

Mr. BENNETT. We think that the authorizing act of the Palisades project is quite clear in that regard, that there actually is no time limit under which the power allocation has to be returned.

As a matter of fact, even the original planning report which was before the committee at the time of reauthorization of Palisades in 1950 contained this statement:

> For the purpose of this report, thought not required by law, it has been assumed that repayment of these costs will be effected within 50 years from the time that the last unit of the powerplant is placed in service.

The limitation in Federal reclamation law is upon the length of time over which the Secretary may contract for power.

Mr. SAYLOR. In other words, it is the opinion of the Bureau of Reclamation that the act of 1939, which is the basic law and under which you are supposed to be operating, fixing a 40-year repayment period plus a 10-year development period, has no effect?

Mr. BENNETT. That applies to irrigation.

Mr. SAYLOR. It only applies to irrigation?

Mr. BENNETT. It applies to irrigation.

Mr. SAYLOR. Now, as I read the charts that you have furnished the Senate committee, in an effort to make this project feasible you have postponed the interest-free payments on Palisades until the tail end of this development.

Mr. BENNETT. That is correct; that is what we do in all of our analysis. We first return the interest-bearing investment and then use the interest-bearing revenues to assist in the irrigation payout.

Mr. SAYLOR. I assure you, Mr. Bennett, you had better stay with Uncle Sam because Heaven help you if you ever get out in private business and try to make a living on that basis because somebody has to pay for the interest-free money. Every sound business tries to get rid of the obligations that are least remunerative in the first instance.

Your philosophy would indicate that the Bureau of Reclamation has found we need not worry about financing, put it off.

I think it might be a very good idea that we have a refresher course down there in the Bureau of Reclamation and take the people back and make them read the original contracts and the original debates preceding the act of 1902 wherein this idea of interest-free money came into existence.

It was to assist the farmer for a period of 10 years, not forever.

The Bureau of Reclamation has by 1959, in a period of 57 years, gotten to a state where the people down there feel that this interest-free money can go on forever.

Do you own any Government bonds that are interest free?

Mr. BENNETT. No, sir.

Mr. SAYLOR. Do you know anybody else who owns any bonds that are interest free?

Mr. BENNETT. No, sir.

Mr. SAYLOR. Do you know any bank in the country that has invested any money in any bonds that are interest free.

Mr. BENNETT. No, sir.

Mr. SAYLOR. Then somebody is going to have to pay the interest on the bonds that are necessary to finance this; is that not right?

Mr. BENNETT. Well, that is correct.

Of course, the basic philosophy underlying the Reclamation Act is the interest-free irrigation investment, Mr. Saylor.

Mr. SAYLOR. But do you subscribe to the philosophy that irrigation should be the principal feature of any reclamation project.

Mr. BENNETT. I think irrigation is a very worthwhile undertaking and should be continued.

However, we have received from the Solicitor of the Department many, many times, his legal opinion that under the 1939 act all functions of a project are on a par with each other.

Mr. SAYLOR. That being the case, all being on a par and there being three functions in here, each one should be 33⅓ percent?

Mr. BENNETT. They are on a par, sir, in relationship to their considerations and not in relation to their method of allocation.

Mr. SAYLOR. What do you mean by that?

Mr. BENNETT. I would like to quote to you certain parts of a memo of March 28, 1958, from the Solicitor of the Interior Department. It goes to that point.

Mr. ROGERS. The 10 minutes is up. The Chair will allow another 10 minutes in view of this discussion prompted by the extreme interest shown.

Mr. SISK. Mr. Chairman, I have some questions.

Mr. ROGERS. The Chair will stay here until 12 o'clock.

Mr. SISK. I was curious. Some of the other witnesses would like to be heard this morning.

Mr. ROGERS. Some of them will be heard. The Chair was hoping that the members in their questioning would cooperate.

Mr. SAYLOR. Frankly I made the request that the department witnesses be brought back next year.

Mr. SISK. It was my understanding that the Chair said they would be brought back, but for the purpose of the record they be allowed to put their statements in.

We would ask questions later.

Mr. SAYLOR. In view of that fact, Mr. Chairman, I will reserve the balance of my time.

Mr. ROGERS. I think Mr. Bennett was answering a question of Mr. Saylor.

Mr. BENNETT. I quote from this particular memo:

> It is clear from an examination of the language of section 9(a) of the 1930 act, as amended by the act of August 14, 1946, that irrigation, power, municipal water supply, or other miscellaneous purposes as well as flood control and navigation, stand on a par with each other.
>
> Since there never has been and could not be any question that this language covers the construction of a single-purpose project for irrigation, there can be equally little question that it would cover a project that embraced other purposes, but did not include as a part of its physical function the function or irrigation.

I am talking about standing on a par in that sense.

Mr. SAYLOR. I might say I do not know who the Solicitor was, but I advise him to go back to law school.

Mr. BENNETT. This was signed by Elmer Bennett, when he was Solicitor.

Mr. SAYLOR. I have disagreed with him before in some of his philosophy, and I will disagree with him on that.

I reserve the balance of my time, Mr. Chairman.

Mr. ROGERS. Are there any other questions?

Mr. HALEY. I have a good many questions I should like to ask Mr. Bennett, but in view of the limitation of time I will reserve my time and hope that I will be permitted to propound those questions when he comes back later.

Mr. ROGERS. The gentleman from Florida will be afforded every opportunity to ask his questions.

Mr. LANGEN. I will reserve my questions in the interest of time.

Mr. ROGERS. Mr. Ullman.

Mr. ULLMAN. I am not going to take a great deal of time, Mr. Chairman, but I asked the gentleman from Pennsylvania to yield and he did not yield to me. I merely would like to state that the other day he was very favorably moved by a bill to change the name of Roosevelt Dam to Theodore Roosevelt Dam so that the distinction would be very clear that Theodore Roosevelt was the one who stimulated this great irrigation project.

I think it should be noted that Theodore Roosevelt reiterated time after time after time that the full hydroelectric potential of our rivers should be developed, and I think that he will be remembered for his resource conservation program including his advocacy of full hydroelectric development of our greater river resources in this country.

I think that this is a typical example of the type of thing that Theodore Roosevelt advocated for so long.

The gentleman also advocated that we go back and read the record in 1902. I think this will be very refreshing for the gentleman from Pennsylvania——

Mr. SAYLOR. I have done it.

Mr. ULLMAN. To read also the writings of the man he wants the dam to be named after, Theodore Roosevelt, and to grasp the full philosophy of resources development advocated by that great gentleman.

Mr. BURDICK. Mr. Chairman.

Mr. ULLMAN. I will yield to the gentleman.

Mr. BURDICK. I want to take a few seconds to compliment the witness for his forthright and excellent manner in presenting his testimony.

Mr. BENNETT. Thank you.

Mr. ULLMAN. Mr. Chairman, I would like to get this one point clear. What part of the power from this project will be utilized for irrigation pumping?

Mr. BENNETT. We anticipate that on non-Federal pumping about 155 million kilowatt-hours a year will go for that purpose, or roughly 20 percent.

Mr. ULLMAN. Now, this includes all the power, the firm and nonfirm, that you are talking about—the total power capacity?

Mr. BENNETT. Let me put it this way, to be sure I answer your question correctly.

The combined generation of Burns Creek-Palisades which we term as "salable"—in other words, it is generation minus losses and so forth—is 1,021 million kilowatt-hours.

Now, out of that total, about 91 million will be devoted to non-Federal pumping which is an increase over what is now being done out of Palisades of about 155 million.

Did you follow those numbers? I don't know how else really to answer you.

Mr. ULLMAN. Out of that 1 billion total kilowatts, what portion will be purchased as interruptible power by the private power companies?

Mr. BENNETT. I don't know whether they will purchase it or not, but we figure that there are two different kinds—what we call seasonal, nonfirm, which will amount to an increase of about 42 million kilowatt-hours per year; and what we term "dump energy" that will amount to about 103 million kilowatt-hours per year.

Mr. ULLMAN. This is an increase over——

Mr. BENNETT. This is an increase over what is there with Palisades alone.

Mr. ULLMAN. This will not be available to the preference customers?

Mr. BENNETT. Well, it is available to anyone who can use it, but it is the type of energy that you have to work into some other system to really make it usable.

Mr. ULLMAN. Is it my understanding that you will not contract with the REA for the nonfirm power because you can only sell them firm power?

Mr. BENNETT. I think throughout this area that is a fair statement.

There are other areas, the Missouri Basin, for instance, where we are selling nonfirm power to REA's and things of that kind, which have their own generating equipment whereby they can utilize it in their system.

Mr. ULLMAN. But you will not sell it to them unless they have existing facilities to firm up the energy?

Mr. BENNETT. We are willing to sell it to them, but they probably are not willing to purchase it because it is of little value to them.

Mr. ULLMAN. I would like to clear up one additional question—that raised by Congressman Thomson whereby he indicated the per kilowatt cost of energy here would be approximately 5.27 mills and that you were going to sell it for 3.48 and then we have the inference how can you pay out a project with that kind of arithmetic.

I would like to have you comment on that.

Mr. BENNETT. I am happy to, sir.

We have recently analyzed what it would cost to amortize the Burns Creek investment as an incremental investment.

In other words, using the increase in energy production you get by Burns Creek and selling that at a rate which would amortize solely the Burns Creek investment, we find that would be approximately 5.4 mills per kilowatt-hour.

This situation is not unusual. I think it is common practice in private utility systems—that as you begin to build additional plants in your system that particular plant probably costs you more than what you now have in your system.

But you can still. I think the utility word is "roll" that cost into that system. It is absorbed under your present rate structure to the extent that you can do that. It is done throughout.

It is the very heart and soul of the problem that this committee considered at great length in connection with the Trinity development. It is done throughout the entire Columbia Basin system. It is simply adding a high-cost plant into a system which is selling the energy at an average system rate.

Mr. ULLMAN. Might I interject, In what system are you talking about here? Are we including the whole southern Idaho system?

Mr. BENNETT. No, the Palisades system only.

Mr. ULLMAN. Was there not in the Palisades law a provision that there should be integration with the southern Idaho reclamation system?

Mr. BENNETT. As I recall, that was the same act which also authorized the powerplant at the American Falls Reservoir and indicated that the two should be integrated; but we have never constructed the plant at the American Falls Reservoir.

Mr. ULLMAN. If the southern Idaho reclamation system—following the same line of reasoning—were integrated into the Palisades system, that in turn would give additional benefits, would it not?

Mr. BENNETT. Possibly, yes.

Mrs. PFOST. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield.

Mrs. PFOST. I would like to ask just two or three questions on this subject, if you have completed your questions.

Mr. ULLMAN. I will certainly yield.

Mrs. PFOST. I wanted particularly to ask the Bureau witnesses with regard to what the real purpose of Palisades is. Is it an irrigation or a power project?

Could you just brief us, for the record, on what Palisades real purpose is?

Mr. BENNETT. Palisades accomplishes two things: It permits additional generation of power and it permits some additional firming

of power at Palisades. It also provides 100,000 acre-feet of space for irrigation water which can be sold, for which there is a market.

Now, the allocations which we have made do come up some——

Mrs. PFOST. Now, I am speaking of Palisades, the large dam.

Mr. BENNETT. The function of Palisades is basically irrigation. The entire capacity of the Palisades Reservoir is devoted to irrigation.

Mrs. PFOST. Approximately how many acres does Palisades irrigate?

Mr. NELSON. Palisades storage will be applied to something like 650,000 acres.

Mrs. PFOST. Is there adequate storage in Palisades to irrigate the 650,000 acres of land year in and year out?

Mr. NELSON. No; there is not.

Mrs. PFOST. Then approximately how much additional irrigation storage do you need?

Mr. NELSON. The existing lands in the entire upper Snake River Valley when Palisades was first conceived, made application for 1,500,000 acre-feet of space, but due to site limitations and to prevent flooding of lands in Wyoming and other improvements the limit of construction of Palisades was to a storage capacity, active storage capacity, of 1,200,000 acre-feet, so that we had at that time an oversubscription of 300,000 acre-feet.

Mrs. PFOST. In other words, more acreage could be irrigated provided we could place the water on the land; is that true? There is a demand for it?

Mr. NELSON. Yes; that statement is true.

However, I should point out that the existing lands, after the disastrous water-shortage period of 1934 and 1935, subscribed to the entire capacity of Palisades and they are the lands that need the additional 300,000 acre-feet.

Mrs. PFOST. When you say oversubscribe, you are speaking of the 650,000 acres that are being irrigated?

Mr. NELSON. Now.

Mrs. PFOST. That are now being irrigated and there was demand for additional water, but there was no additional water for those areas; is that true?

Mr. NELSON. That is correct.

Mrs. PFOST. Then my statement to Congressman Thomson of Wyoming was correct when I reminded him, that had it not been for the objection of the people in Wyoming that Palisades could have been constructed to store sufficient water to have taken care of this area so far as irrigation was concerned.

Mr. NELSON. Yes, that is correct; because at the time it was realized that 1,500,000 acre-feet was needed, an examination was made of the possibility of raising Palisades, which would have included the storage that we are now speaking of for Burns Creek.

We looked into the advisability of going up, raising the dam still more, to get an additional 300,000, but the compact that was entered into with the State of Wyoming, and I might add that Wyoming was most cooperative on that, resulted in a capacity of 1,200,000 acre-feet.

Mrs. PFOST. In other words, Burns Creek is a necessary adjunct to the Palisades Dam in order to provide adequate irrigation for the 650,000 acres that are being irrigated by Palisades; is that a true statement?

Mr. BENNETT. I think there is no question but what Burns Creek would be very, very helpful in servicing the existing irrigated lands.

Mrs. PFOST. How many times have you needed the irrigation water for this area that is being irrigated at the present time with Palisades water?

Mr. NELSON. Our study covered a 26-year period for which we had records. That study showed that the entire capacity of Burns Creek would have been needed once in that period.

Mr. ROGERS. The Chair does not want to cut anyone off, but the two 10-minute periods allowed have now consumed 30 minutes, so I think perhaps we had better get along with the proponents.

We want to thank both of you for coming up. We look forward to seeing you again after the first of the year.

Mr. NELSON. Thank you, Mr. Chairman.

Mr. BENNETT. Thank you, sir.

Mr. ROGERS. The next witness to be recognized is Mr. Lynn Crandall, Idaho Falls, Idaho, former watermaster of the upper Snake River.

Mr. ULLMAN. Mr. Chairman.

Mr. ROGERS. Mr. Ullman.

Mr. ULLMAN. I wonder if it will be possible to hear all of the witnesses and question them en bloc?

Mr. ROGERS. I think so, but I think that was decided against.

The Chair's understanding is that there would be an opportunity afforded one of the proponents this morning, other than the Members of Congress, and the departmental witnesses and one of the opponents.

Now, if anybody wants to change that, I will be glad to entertain a motion.

Mr. ULLMAN. I have no objection. It was a point of inquiry.

Mr. ROGERS. Will you identify yourself?

STATEMENT OF LYNN CRANDALL, IDAHO FALLS, IDAHO, FORMER WATERMASTER OF UPPER SNAKE RIVER

Mr. CRANDALL. My name is Lynn Crandall. For 29 years I was watermaster on Snake River in Idaho in charge of water deliveries to about 100 canals serving 1¼ million acres of irrigated lands, retiring from this position at age 70 on January 1, 1959.

I am appearing here on behalf, and at the request, of the Snake River water users.

I have given a prepared statement to the committee.

I will just discuss very briefly some of the more important features.

Mr. ROGERS. You may proceed.

Mr. Crandall, let the Chair congratulate you on reaching the age of 70 and retiring. It looks like they won't let you retire.

Mr. CRANDALL. Well, the watermaster is elected annually under the Idaho law. I was elected annually each year for 29 years without a dissenting vote ever being cast against my election.

Mrs. PFOST. Mr. Chairman, I would like to take this opportunity to congratulate the witness. He has been before this committee on two or three other occasions. Certainly his experience in Idaho qualifies him to speak from experience and knowledge of the need of such projects as the Burns Creek project. He has been putting his own

support shoulder to shoulder with the farmers and the people of that area that need assistance from a man like him.

The Chair was certainly correct when he said the people in Idaho won't let him retire, because we need his services too much.

Mr. ROGERS. Without objection your statement will be included in the record, Mr. Crandall, and you may proceed to discuss it.

(The prepared statement follows:)

STATEMENT BY LYNN CRANDALL, IDAHO FALLS, IDAHO

My name is Lynn Crandall. For 29 years I was watermaster on Snake River in Idaho in charge of water deliveries to about 100 canals serving 1¼ million acres of irrigated lands, retiring from this position at age 70 on January 1, 1959. I am appearing here on behalf of and at the request of the Snake River water users.

They strongly believe that storage developments should be favored on the upstream portions of Snake River so that the water can be picked up and reused as it travels downstream. Thus it better serves the needs of more people over a longer stretch of the river, providing a more equalized flow.

In response to the sentiment the Bureau of Reclamation has studied the matter of additional storage possibilities on the upper Snake and has selected the Burns Creek project as the best available new project. There are some storage sites available on Snake River and its tributaries in Wyoming and the Wyoming-Idaho water compact recognizes the right of Idaho to make water filings in Wyoming for use in Idaho. However, these would involve flooding some privately owned Wyoming lands and strong local opposition has been expressed against such flooding on account of the livestock industry being dependent on them to grow hay for winter feeding and because 96 percent of the area of Teton County, Wyo., is in Federal ownership leaving only 4 precent of the area to bear the tax burden of local government.

The Idaho water users do not desire to get into a controversy with their Wyoming neighbors over building new reservoirs in Wyoming for Idaho use and accordingly are supporting the Burns Creek project which is entirely in Idaho. This project is, in fact, the only feasible site in Idaho for additional storage development on the main Snake River upstream from Milner Dam, which is the lowest downstream point for irrigation diversions from Snake River by gravity flow canals.

The desire of the Snake River water users for supplemental storage is evidenced by the fact that applications already received for Burns Creek space are substantially in excess of the 100,000 acre-feet available. These applications are for use on lands now being irrigated mostly for supplemental use in dry years.

The latest expression of their position is shown by the following resolution unanimously adopted at the annual meeting of the Snake River water users held at Idaho Falls, Idaho, on March 2, 1959:

"RESOLUTION

"Whereas the proposed Burns Creek Reservoir will serve as an equalizing reservoir making it possible to more fully utilize power production for peaking purposes at Palisades Dam besides furnishing additional power production needed in this area and furnishing 100,000 acre-feet of additional storage for use to supplement existing supplies in dry years, thereby replacing to some extent water being consumed by new ground water pumping projects; and

"Whereas applications have already been received from owners of space in Palisades Reservoir to purchase 168,000 acre-feet of irrigation space in Burns Creek Reservoir, which is evidence of the need for that additional irrigation water and assurance that it will be readily salable: Therefore, be it

Resolved, That the Committee of Nine of Water District No. 36, representing the owners of 1¼ million acres of irrigated land on Snake River, meeting at Idaho Falls, Idaho on March 2, 1959, approve the construction of the Burns Creek Reservoir subject to the following conditions:

"1. That actual construction of the dam shall not begin until repayment contracts for disposal of at least 80 percent of the irrigation space have been signed.

"2. Authorization of the project shall include a provision that the Palisades power system, including Burns Creek, shall assume one-third of the annual cost of winter power loss at Minidoka Dam now borne by the water users under the Minidoka-Palisades contracts.

"3. We have no objection to a provision in the authorization act to permit the use of not to exceed $15,000 annually of power revenues from the Palisades-Burns Creek power system for any actual necessary maintenance of flood control dikes on Snake River in the vicinity of Wilson, Wyo., and that an additional $15,000 annually of such power revenues may also be made available for any necessary maintenance of flood control dikes on Snake River in the Heise-Roberts area, Idaho. In both cases the expenditure of such funds shall be under the direction of the U.S. Corps of Engineers."

The large water development projects that have been built by the Government throughout the arid West are the basis of much of the life and business that now exists in the area. They are capital investments that directly and indirectly will repay their cost many times over during the years of their useful life. The people who live there because the projects were built have wants and needs that furnish business for all parts of America. They feel that the past record and a growing population fully justifies construction of additional projects until the water resources of our western streams are completely developed.

As an illustration take the Palisades project on Snake River with which it is proposed that the Burns Creek project be integrated. Investigations for the Palisades project started in 1933. It was completed in 1958 at less than the estimated cost. It took 25 years to complete the investigations, work out agreements between conflicting interests, secure authorization from Congress and get the project built. In 1958, the first year of nearly full operation, it regulated the river flow to prevent any flood damage, furnished a supplemental water supply to irrigated lands, and furnished a power supply to the following users:

Palisades Power Sales, calendar year 1958

Customer	Energy kilowatt-hours	Revenue
Idaho Power Co	193, 541, 000	$552, 244
Utah Power & Light Co	144, 129, 000	325, 744
City of Idaho Falls	66, 587, 000	338, 046
Fall River REA	8, 002, 000	40, 985
Lost River REA	11, 640, 000	53, 660
Lower Valley REA (Wyoming-Idaho)	7, 300, 000	44, 782
Michaud project pumping	4, 859, 000	14, 982
Minidoka north side pumping	72, 454, 000	226, 504
Milner low lift pumping	2, 891, 000	8, 672
Minidoka power system	17, 307, 000	84, 175
Total	528, 710, 000	1, 689, 794

The above figures do not include miscellaneous uses at Palisades Dam of 1,618,000 kilowatt-hours and $8,057. Included in the 1958 sales to the Idaho Power Co. and Utah Power & Light Co. are 103,749,000 kilowatt-hours and $311,247 representing sale of energy which is reserved for loads of the United States and its preference customers but which was not required for such loads in 1958.

Most of the Snake River irrigators are served by the Idaho Power Co. and Utah Power & Light Co. so these companies share in the benefits that come from a stabilized and improved water supply. The Bureau of Reclamation estimates also that the integrated Palisades-Burns Creek power operation will provide about $500,000 per year income to these private utilities to cover their charges for transporting power over their lines from Goshen substation to place of use by loads of the United States and its preference customers. This is in addition to benefits derived by the private utilities from purchase of power for resale under their contracts with the Government.

The Snake River water users are primarily interested in the Burns Creek project as another step toward the full development of the Snake River water resources, because it will make available additional stored water mostly for dry year insurance and to partially replace depletions in riverflow resulting from recent ground water pumping in areas where the ground water is tribu-

tary to the river above the irrigation diversions. By acting as a reregulating reservoir it also will smooth out fluctuations in power releases from Palisades during periods when the riverflow is less than the capacity of the water turbines, thereby producing a more uniform flow at downstream points. These objectives can only be attained by sale of the power production which makes possible repayment of most of the cost of the project which would not otherwise be feasible.

Mr. CRANDALL. The Snake River water users believe that storage development should be built first on the upstream portion of the river so that the water can be picked up and reused again as it goes downstream. Thus it serves the needs of the people better over a long section of the river; it provides a more equalized flow.

At the time of the Palisades construction, as Mr. Nelson said, there was an oversubscription of about 300,000 acre-feet and it might have been possible at that time to have either raised Palisades to accommodate that or have included the Burns Creek project, but at the time the original studies were made they did not know how much power could be sold or what the people would subscribe for. It took 20 years to get authorization for the Palisades project and another 5 years to get it constructed. It was such a long continued struggle, with witnesses coming back here before your committee.

I was interested in Mr. Saylor's asking Mr. Budge yesterday why this Burns Creek had not been included in the original Palisades. He answered his own question when he said, if it had been included Palisades would never have been authorized.

We were so glad to get Palisades on any terms that we took what we could get.

This Burns Creek is the last storage site on Snake River in Idaho above the irrigation canals. It is the last Government power project that might be built in that area or it will be the end of storage for the Snake River canals unless additional storage is developed in Wyoming. The people there are much opposed to that on account of flooding land. They have little land up there and what they have is the basis of their livestock industry.

In Teton County, Wyo., 96 percent of the land is owned by the Federal Government and only 4 percent is available as a tax basis for local expenditures. The Snake River water users appreciate that fact. They do not want to get into a controversy with their Wyoming neighbors over building more reservoirs in Wyoming for Idaho use, so they are supporting the Burns Creek project as the last development on the Snake. It is more costly, it provides less water; but that is true on all of the streams. The first reservoirs that you built are the more feasible and the cheapest ones in which you can store large volumes. You proceed along that line, exhausting the more favorable sites until now with this Burns Creek we are picking up the tag end of the available storage on Snake River.

To make it feasible, it has to be integrated and allied and considered as a part of the Palisades project. These water users have been dealing with this matter of buying stored water for 50 years. On Snake River they have Lake Walcott, Jackson Lake, American Falls, and Grassy Lake and Highland Park Reservoir and Palisades. Some of those reservoirs are entirely paid out, some of them they are making their payments on yet. But there is no better illustration of the need of the water than the willingness of these people, after a lifetime of using water, to subscribe for the additional capacity of Burns Creek.

When we first sent out applications for subscriptions, there was 141,000 acre-feet of space requested; and the last figures that I saw, various additional applications had made a total of 168,000, of which only 100,000 is available. So there will be a problem of allocating that space among the subscribers. They have, on various occasions at their annual meetings in the last several years and at meetings of the Committee of Nine, adopted resolutions strongly favoring Burns Creek Reservoir; and the last resolution approved an amendment which was entered into on the Senate bill relating to deferring the construction of the units so as not to interfere with the coal mining operation in Wyoming. They don't have any objection against the coal miners, but they think that Burns Creek should be considered in proper perspective.

The first unit of this coal producing plant will produce 150,000 kilowatts, compared to only 90,000 for Burns Creek, and of this 90,000, it should be understood that that is only available during the irrigation season for between 4 and 5 months, and that during the nonirrigation season there probably would not be over 30,000 kilowatts of what might be called firm power. So that you could not compare it with the whole plant on the basis of assuming that you would be producing 90,000 kilowatts throughout the year.

Most of the Snake River irrigators are served by the Idaho Power Co. and Utah Power & Light Co., so these companies share in the benefits that come from a stabilized and improved water supply.

The Bureau of Reclamation estimates, also, that the integrated Palisades-Burns Creek power operation will provide about $500,000 per year income to these private utilities to cover their charges for transporting power over their lines from Goshen substation to place of use by loads of the United States and its preference customers.

In 1958, Palisades powerplant, for example, produced 528 million kilowatt-hours of energy, of which 193 million was sold to the Idaho Power Co. and 144 million to the Utah Power & Light Co. Those two companies took about 60 percent of the power production of Palisades that year. So that this public power development in that area is not without some benefits to the private power companies.

Snake River water users, like everybody else, are trying to insure themselves against vicissitudes. We all have old age insurance and insurance against wrecking our cars and building insurance and hail insurance, and so forth. This Burns Creek water is what you might call insurance water. There is a portion of it what will be partially used each year. In the dry years there may be individuals who will exhaust all of theirs and others who will exhaust half of theirs, and perhaps two or three times in 50 years it will be dry enough so that they completely drain all of the reservoir. It has the same rate of priority as the Palisades water right. It is merely an extension of each individual's original Palisades allocation. It is like we gave him a greater portion than what he applied for under the Palisades water right. It will be operated in connection with the Palisades right.

The Snake River water users are interested primarily in the Burns Creek project as another step toward the full development of the Snake River water resources, because it will make available additional stored water, mostly for dry year insurance and to partially replace depletions in river flow resulting from recent ground water pumping

in areas where ground water is tributary to the river above the irrigation diversions.

There has been much concern about that. There have been several hundred thousand acres of land being irrigated by ground water pumping in the valley by late appropriators, that, of course, pumps water out of the ground and reduces what would otherwise be ground water inflow to the river, and that is having some effect on the inflow to the American Falls Reservoir.

Rather than get involved in a lot of litigation over it, they would rather provide more storage up the river and let it be replaced that way.

By acting as a regulating reservoir, the Burns Creek Reservoir will also smooth out regulation from power releases from Palisades during periods when the river flow is less than the capacity of the water wheels, thereby producing a more uniform flow at downstream points.

These objectives can only be obtained by sale of the power production which makes possible repayment of most of the cost of the project which would not otherwise be feasible.

The water users regret that the emphasis on this project has shifted from a water development project to a power project. They feel that that is the wrong way of looking at it. My wife and I are what you might call community stockholders in the Idaho Power Co. I have been familiar with the operations of that company for many years. It is an efficient and well-managed operation. They have done a good job of supplying power to their users in their territory. But as a stockholder I think they would be better advised for the longtime interest of the company if they lent their support to these water development projects that go to conserve and utilize the water resources of the river.

Thank you.

Mr. ROGERS. Thank you, Mr. Crandall.

Are there any questions? Mrs. Pfost?

Mrs. PFOST. Mr. Crandall, you made a statement a few moments ago that this would be the last dam on the Snake River above the canals.

Mr. CRANDALL. In Idaho.

Mrs. PFOST. Is that because there is not another proper location?

Mr. CRANDALL. There are no other available sites.

Mrs. PFOST. I have heard some discussion by members of the committee that this would set a precedent and the first thing we know we would have a whole series of dams on the Snake River from the Wyoming border down. So you are saying that there definitely is no other site on the Snake River for additional dams?

Mr. CRANDALL. No other site above Milner, in Idaho.

Mrs. PFOST. Beg pardon?

Mr. CRANDALL. No other site above Milner Dam in Idaho. That is where the last canal diversions take out of the river.

Mrs. PFOST. In your opinion, Mr. Crandall, would the approval of this Burns Creek project be setting a precedent?

Mr. CRANDALL. Well, I don't know that I can answer that with any authority. The lawyers talk about procedents and judges decide precedents. I could not do any more than give you my personal opinion.

Mrs. PFOST. I understand, Mr. Crandall, that in Idaho this year, we have a little drier situation than usual. Would there be need to draw upon the Burns Creek Reservoir this year if this were a reality?

Mr. CRANDALL. As I said, the Burns Creek and Palisades rights, each individual company will have its combined rights in those two reservoirs. We probably would draw it out of the Palisades Reservoir in order to maintain the powerhead at Burns Creek. Some of it would be used this year, perhaps not to exceed 25 percent. This year's runoff is not one of extreme drought, perhaps it will be 90 percent of normal, something like that.

Mrs. PFOST. So in a year like this, Burns Creek could be very beneficial to the 650,000 acres that that are being irrigated from Palisades?

Mr. CRANDALL. There will be over 60 owners of space in Burns Creek Reservoir, and their requirements for that space vary greatly. Some of them have quite a lot of stored water and they would be holding that space only for very dry years. There are other people less well provided with water rights who would use some of it each year.

So you cannot make a general statement. It is not all owned by users.

Mr. ROGERS. Mr. Saylor.

Mr. SAYLOR. Mr. Chairman and members of the committee, I would like to say that I think the first day I sat on this committee I first saw the gentleman who is now on the witness stand, Mr. Lynn Crandall. At that time, he told us that he had been elected then without any opposition. I remembered it, because Glen Taylor, member of the committee, asked how many votes he had against him up until that time. Mr. Crandall told us then he had none. John Murdock, the acting chairman of the committee, asked him how he did it. Norris Poulson, the present mayor of Los Angeles, gave this answer.

He said, "I will answer that. I used to be a farmer. When you get some water to them, I know."

I want to congratulate you on your statement because I think that, as stated by Mr. Budge yesterday, probably no other person in the country knows as much about the Snake River and its water than you do from your actual experience.

I would like to ask you whether or not the Bureau of Reclamation has availed itself of the 315,000 acre-feet in storage in the American Falls Reservoir which was authorized in the act of 1950 and which you said was necessary.

Mr. CRANDALL. That was disposed of under the terms of the Palisades contracts. It was partly retained for new land projects and partly sold to the people who had been leasing it for a number of years.

Mr. SAYLOR. There were two districts, I think one the North Side Pumping Division of the Minidoka project, which had 71,000 acre-feet. Are they using all of that water?

Mr. CRANDALL. Yes; that project is in operation now.

Mr. SAYLOR. Then the other was——

Mr. CRANDALL. The Michaud project.

Mr. SAYLOR. Which had 47,593 acre-feet.

Mr. CRANDALL. They started using water on that project last year, but it was not completely irrigated. I believe some additional land is being placed under irrigation this year. That is a relatively small project, though, only a few thousand acres.

Mr. SAYLOR. I think you heard Mr. Bennett testify that he said there were four sites that they had examined on the river. The first was for the purpose of a regulating reservoir. Then they examined Burns Creek site and two others. You are familiar, of course, with those four sites he referred to?

Mr. CRANDALL. Yes. They are between the Palisades Dam and Burns Creek.

Mr. SAYLOR. Would they be flooded out if Burns Creek were built?

Mr. CRANDALL. Well, the upper one might not, but the others would be.

Mr. SAYLOR. Do you have any rough idea, Mr. Crandall, of the storage that would take place at the upper site?

Mr. CRANDALL. Well, it is set out in the Bureau's Burns Creek report which perhaps you have. There was some talk of 17,000 acre-feet. It is the amount which is required for regulation.

Mr. SAYLOR. Would it be possible to store any more water than that at that point, in your opinion?

Mr. CRANDALL. No; at these upper sites you would begin to flood privately owned irrigated land. Another matter, any dam that you build on the river you have to have provision for passing the floodwater flows. You have to build the foundations for the dam so that it won't wash out. Those items amount to nearly as much for a small dam as they do for a large one. So, generally speaking, they are not favorable for the construction of small dams.

Mr. SAYLOR. Mr. Crandall, from your knowledge of the people in the State of Idaho, people who would use the water in the Snake River, do you believe that they would desire, if this project is authorized, that they be required to pay the current interest rate that the Federal Government is paying?

Mr. CRANDALL. I don't think so. I believe the rule that the Reclamation Bureau works on is that the Secretary of the Treasury or somebody advises them of the average interest rate on the Government debt at the time they are making the report once a year, and by law or by order from some department that is what they use as that average interest rate on the Government debt at that time.

Mr. SAYLOR. You are correct. The reason for it is, that at the time that formula was originated the interest on the Government debt was somewhere between 2½ and 3 percent. Now all the financing that is taking place this year of the Government debt, which is a debt of the people, is over 4 percent.

Mr. CRANDALL. That is on the new financing?

Mr. SAYLOR. That is the financing that is necessary to go out and borrow money now to repay the existing obligations and any new obligations that we incur.

Mr. CRANDALL. Well, that happened once before after the other world war. I remember when those Liberty bonds went down to about 80 and the Government's interest rate went up above 4 percent. Then later, we came to a period when it went down again. We may come to another period when the interest rates will go down. That is why this rule was adopted. But they take the whole Government debt at any time and figure the average interest rate. That is what they use.

It would be pointless for me to say why it should be changed or should not.

Mr. SAYLOR. Mr. Crandall, it has been a pleasure to again see you before the committee. I might say personally that I wish you and your wife a long and happy life in your retirement and hope that in 1969 you will again make an appearance before this committee.

Mr. CRANDALL. Maybe it will still be on Burns Creek.

Mr. SAYLOR. I hope so.

Mr. ROGERS. Mr. Ullman, do you have any questions?

Mr. ULLMAN. I want to express my appreciation to you, Mr. Crandall, for putting this project in its proper perspective. I don't know of anybody who could do it better than you have done it today. I have just a couple of questions. You indicated that there were some 60 users that will utilize the water from the project. These are irrigated districts?

Mr. CRANDALL. Most of them are canal companies. There might be some individual canal company in there that had a thousand acres or 2,000 acres, but those were the names of the applicants.

Mr. ULLMAN. I want to get on the record that these are multiple users.

Mr. CRANDALL. Yes. There are a few individual users who perhaps had a little place along the river who applied individually, but the bulk of the applications were from canal companies and irrigation districts.

Mr. ULLMAN. Now, you also, I believe, said that the power features make the project feasible.

Mr. CRANDALL. That is correct.

Mr. ULLMAN. In other words, the farmers of the area have determined that this is the only feasible way that they can get proper development?

Mr. CRANDALL. That is right.

Mr. ULLMAN. And the use of power revenues is necessary for this purpose?

Mr. CRANDALL. Yes.

Mr. ULLMAN. Turning very briefly to American Falls. Has the project that was authorized in 1950 been built?

Mr. CRANDALL. Yes.

Mr. ULLMAN. By whom?

Mr. CRANDALL. The Bureau of Reclamation. This water to which Mr. Saylor referred was Government reserve water in the American Falls Reservoir that had been provided by the Government when the reservoir was built. Part of the water was held by the Government for irrigation on new lands and part was sold to the canal companies and in the Palisades authorization in 1950.

Mr. ULLMAN. The full project has not been built and authorized though; is that not right?

Mr. CRANDALL. The old projects were privately owned projects from years ago.

Mr. ULLMAN. What I am getting at, the American Falls project was authorized with the power feature; is that not right?

Mr. CRANDALL. Yes; the American Falls project was built in 1926; the dam was built. In connection with the Palisades Authorization Act I think there was an authorization for the American Falls power dam, American Falls powerplant. That was provided for in a contract between the Idaho Power Co. and the Government when American Falls was built. But there has never been any appropriation by Congress to build a powerplant.

Mr. ULLMAN. The power features that were authorized in the original Palisades Act have not been built yet?

Mr. CRANDALL. No.

Mr. ULLMAN. You don't know the reason they have not?

Mr. CRANDALL. The reason they have not been built is that Congress has never appropriated any money for their construction.

Mr. ULLMAN. Thank you. I certainly want to express my personal best wishes for you in your retirement.

Mr. CRANDALL. Thank you.

Mr. ROGERS. Does Mr. Anderson have any questions?

Mr. ANDERSON. I have no questions.

Mr. ROGERS. Thank you, Mr. Crandall.

Now, is there a witness of the opponents in the room that cares to be heard at this time? If so, the Chair will stay here until we hear him.

Mrs. PFOST. Mr. Chairman, I should like to restate my unanimous consent request of yesterday on Senator Church's statement. The staff has gone over the statement and removed the one newspaper article that was objected to. At this time, I should like to ask unanimous consent that Senator Church's statement be placed in the record at the place that it would have gone in yesterday.

Mr. SAYLOR. I reserved the right to object, but I will not object. I looked at the Senator's statement yesterday. The first thing I saw was an item which violated the rules of the committee. Therefore I objected. I have been informed by the members of the staff that those items have been removed; therefore, I have no objection to it.

Mrs. PFOST. Thank you.

Mr. ROGERS. Without objection, the request of the gentlewoman from Idaho will be granted, and it is so ordered.

Without objection, the statements of the U.S. Chamber of Commerce and the National Association of Manufacturers in opposition to this legislation will be placed in the record at this point.

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., August 28, 1959.

Hon. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee, House Committee on Interior and Insular Affairs, House Office Building, Washington, D.C.

DEAR MR. ROGERS: The Chamber of Commerce of the United States urges your subcommittee not to approve S. 281, authorizing a Federal power dam at Burns Creek in Idaho. This legislation is unnecessary because power needs in the area can be met fully by the local private utility, thus saving a Federal investment of nearly $50 million.

The Federal Government should not build any dams primarily for power purposes and should not generate electric power except as incidental to a recognized function of government, such as navigation, flood control, or reclamation. The power supply in any section or area is a local responsibility which should not be assumed by the Federal Government.

The Burns Creek power project would provide additional electricity to the so-called Federal preference customers in the area—cooperatives and municipalities. Most of these customers are already receiving Federal power from Palisades Dam, but they want their future needs met as well. It is not surprising that purchasers of low-priced Federal power, subsidized by taxpayers generally, want more at similar low prices, regardless of whether or not the particular project is economically justified and in the public interest.

The Burns Creek project is primarily a power installation, and it is being proposed on the basis of increasing demands for power from local power users. The project is not needed for power supply, however, because the local private

utility company is able and willing to meet all requirements for power supply in the area. Private power development would make Federal development unnecessary.

In addition to the argument based on low-cost Federal power, other even less substantial arguments are being employed to advance the Burns Creek project: For reregulation of released water from Palisades Dam, about 30 miles upstream; for irrigation water storage, to be used only infrequently if water conditions become adverse; for fish and wildlife benefits and recreation improvements, both relatively minor features. Of the total construction cost, more than 98 percent would be allocated to power facilities, and less than 2 percent to irrigation, according to the Bureau of Reclamation. Other costs are small and are considered nonreimbursable.

These purposes may be legitimate functions of the Federal Government, as related to the operation of the Palisades project. But the generation of power can hardly be considered as incidental to such developments and is not justified. The construction at taxpayers' expense of the proposed Burns Creek power facilities would serve those selected customers who already benefit from low-cost power not available to their neighbors.

Utilities in all geographic areas of the United States are experiencing increased requirements on their power systems. The Edison Electric Institute electric output index has risen from a 1947–49 base of 100 to more than 250 as of the 1st of August. The increase in the last 2 years alone has been about 20 percentage points. In all areas the electric industry is able to meet customer demands for more and more power.

The basic question involved in the proposed Burns Creek authorization is not one of merely meeting a need for power supply but is one of Federal assumption of a permanent responsibility to supply subsidized power to a selected area and group of customers.

The chamber believes it is not a proper and necessary function of the Federal Government to agree to furnish complete utility service to local power users, even though they may be already receiving Federal power.

The Burns Creek bill, S. 281, should be rejected because it would authorize an unwarranted use of Federal tax dollars for the benefit of a few whose future power supply is not the responsibility of the Federal Government.

I would appreciate having this letter made a part of the record of hearings on S. 281.

Cordially yours,

CLARENCE R. MILES.

STATEMENT ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS ON S. 281, BURNS CREEK DAM AND POWERPLANT

This statement is filed on behalf of the National Association of Manufacturers, a voluntary association of some 20,000 business enterprises which produce approximately three-fourths of the Nation's manufactured goods. More than 83 percent of our member employ fewer than 500 persons and thus fall within a commonly accepted definition of "small business." Our association is keenly interested in promoting sound economic and governmental principles without regard to partisan political considerations.

We wish to express our opposition to S. 281, which would authorize the Secretary of the Interior to construct, operate, and maintain a dam and powerplant at or near the Burns Creek site below the Palisades Dam in the upper Snake River Valley, Idaho, for the following reasons:

1. Governmental investment in power generating facilities should be kept to a minimum by having investor capital finance such power facilities to the full extent of existing willingness and capability. Investor-owned utilities should not only be permitted, but should be invited and encouaged to construct all the facilities for the production, transmission, and distribution of power wherever and whenever they are ready, able, and willing to do so. Such private enterprise electric power developments cause no drain upon the Public Treasury, are subject to taxation and are under effective governmental regulation.

2. The production, transmission, and distribution of electric energy to the general public is in no sense a responsibility of government, be it Federal, State, or local. The Government's responsibilities do not encompass competition with its own citizens in the fields of production and distribution. Electric power develop-

ments by investor-owned electric companies are in keeping with the principles of the private enterprise system, but such developments by governments are not.

3. Given the same conditions, there are no circumstances under which private enterprise cannot operate in the field of the production and distribution of goods and services more efficiently than can Government. The only cases where, on the surface, this is not apparent are those in which through subsidies, freedom from taxation, or improper allocation of costs, Government enjoys a definite competitive advantage. The hidden deficits resulting almost inescapably from Government-operated business competing with private business are always paid by the taxpayer.

4. Government enterprise must necessarily choke out competing private enterprise. The consequent diminished area of taxation intensifies the tax burden upon remaining private enterprise and further increases the handicaps under which private enterprise is unfairly required to compete with the Government. Government competition with private enterprise is a major deterrent to the flow of job-creating capital into private enterprise. It destroys private capital investment incentives and can only lead to State ownership of all enterprises.

5. The contemplated construction would be purely an electric power project thinly disguised as an irrigation and flood-control project. We do not believe that the Federal Government should engage in the construction of out-and-out electric power projects, and we regret to see other objectives being used as a subterfuge to accomplish this purpose. Therefore, we believe that this bill would establish a wholly dangerous and undesirable precedent. This is evident from testimony presented in the Senate hearings on this bill and from the fact that 98 percent of the project cost would be charged to electric power and less than 2 percent to irrigation. Need for the project is nonexistent, whether judged from the standpoint of irrigation, flood control, or electric power requirements. The only tenuous justification presented is to insure that preference customers will continue to receive all their future electric power needs from the Federal Government. This necessarily presupposes a Federal Government public utility responsibility at all developments producing electric power constructed heretofore or hereinafter by either the Bureau of Reclamation or the Corps of Engineers. Such a premise is totally at variance with sound economic and governmental principles. It would inevitably lead to expenditures of vast sums of money for the construction and operation of Government-owned steam powerplants.

6. The benefits to irrigation and flood control would be minute, if they existed at all. The net effect in regard to electric power would be negative, because the drain on the Public Treasury for capital costs; the fact that this power would merely displace power that can be provided by private enterprise; the loss in Federal, State, and local taxes due to the diminished area of taxation resulting from displaced private enterprise and displaced employment; the inability of net annual revenues to meet annual interest payments; and the diversion of the Palisades Dam surplus would all combine to create a total detrimental effect from an economic standpoint.

Therefore, we respectfully urge the subcommittee not to recommend S. 281. We wish to express our great thanks for this opportunity to express our views.

Mr. ROGERS. The subcommittee will stand adjourned until further order of the Chair.

(Whereupon, at 12 noon, the subcommittee adjourned subject to the call of the Chair.)

BURNS CREEK PROJECT, IDAHO

MONDAY, FEBRUARY 15, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 9:50 a.m., pursuant to call, in the committee room, New House Office Building, Hon. Walter Rogers (chairman of the subcommittee) presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for the consideration of the matter pending before it. The subcommittee has scheduled today, tomorrow, and Wednesday, if possible, the continuation of consideration of S. 281 and its companion House bill, H.R. 1235, to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes.

The committee initiated its consideration of this legislation last year with hearings on August 27 and 28. At that time, we heard Members of Congress, the Interior Department witnesses, and Mr. Lynn Crandall testify on behalf of the Snake River water users. Several additional statements were accepted for the record at that time and have been included in the record.

It is the Chair's intention to resume the hearings where we left off last year and to complete the record.

The Bureau of Reclamation will make no further formal statement. However, in accordance with the understanding we had when the hearings closed last year, Bureau witnesses will be available for questioning, if the committee members so desire. I believe it might be better if this comes after we have had the other testimony and we will proceed in that order.

We will also have available for questioning a representative of the Fish and Wildlife Service.

We have a large number of witnesses who have asked to be heard on this legislation, both pro and con. We have already spent 2 days in this Congress and in addition we devoted 3 days to this matter in the 85th Congress. I am hopeful the hearings can be completed during the next 3 days.

As I indicated last year, it is the Chair's intention that everyone who wants to be heard on this legislation will be heard. However, it is expected that everyone wanting to testify will follow the rules of the House requiring that they file a written statement and limit their oral presentation to brief summaries of their arguments. I hope everyone will cooperate in this so it will not be necessary to impose time limita-

tions. I do not like to impose time limitations on the witnesses and I hope we can have the cooperation of the witnesses so that will not be necessary.

It is the intention of the Chair to proceed with the proponents of the legislation this morning with the hope that all of the proponents can be heard today, if possible. We may need to go into an afternoon session and tomorrow morning we can bring in the opposition witnesses and try to get those matters disposed of.

We also have one group of witnesses who are concerned as to what fish and wildlife development is proposed in connection with the Burns Creek project who want to be heard and every effort will be made for them to have an opportunity to be heard.

Before starting with the proponents this morning, I understand our colleague, Hon. Mr. Dixon, of Utah, is present and wants to submit a statement for the record, and to make an oral statement in support thereof.

Mr. Dixon, you are recognized.

STATEMENT OF HON. HENRY A. DIXON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. Dixon. Mr. Chairman and members of the committee, I shall accede to your wishes and be extremely brief. I usually like to be as constructive as possible but, in this situation, I must admit I must look with a jaundiced eye upon this project.

The first reason is that it is not an irrigation project as contemplated under the law, but a power project. It is 98 percent power, 1.7 percent irrigation only.

In the second place, if we distort the purpose of the act, our colleagues from the East and the South who have been so kind to us on reclamation will lose confidence in us and feel like we have sold them a bill of goods here that we should not.

In the third place, there is no need for this power because I am sure witnesses following me tomorrow will prove beyond all question that they will have ample power and that some of the purported needs are only on paper and not firmed up.

Furthermore, we have, I think, our leaders on record as saying where private enterprise can provide power, certainly it should be allowed to do it. My testimony quotes from Adlai Stevenson, former presidental candidate, and also from President Roosevelt.

In the fourth place, the Burns Creek project will hurt our already suffering coal industry. It will rob our workers of 20,000 man-days, which is about equivalent to 600 full-time workers. And, of course, the United Mine Workers of America are opposed to it. Mr. Harry Mangus, our president out at Price, Utah, covering Utah and Wyoming miners says:

> I understand hearings are to be resumed in the House regarding an approval of Senate Bill 281 requesting approval of Burns Creek project recently passed by the Senate. The bill is very detrimental to the interest of Utah and Wyoming coal industry and to the members of the United Mine Workers of America. Information contained in the Congressional Record will substantiate this is not a true reclamation project.

That is why I urge its rejection because it will seriously damage our reclamation program.

The Bureau does not assign one dollar of value to reregulating function of the stream and that has been one of the main arguments in support of it.

In the fifth place, the power production costs will be far above what they can sell the power for. The cost will be 40 percent more than they can sell the power for. In order to make ends meet, they have got to saddle some of the burdens of this deficit upon the Palisades project and that will extend the repayment of the Palisades project by 25 years, and that is putting the cart before the horse because usually we have the power bail out the irrigation, while in this case you are having the irrigation bail out the power, which is decidedly wrong in my opinion.

In the sixth place, it will be a tremendous loss in taxes, about $472,000 a year, and then the loss of $30 million surplus which the Palisades project would pay, if completed as scheduled in the 32d year. The total loss of this project will be about $54 million.

For these reasons, Mr. Chairman and members of the committee, I submit that the project will harm true reclamation and be an unjustified burden on the taxpayers, and I hope the committee will not recommend it to the House.

Mr. ROGERS. Mr. Dixon, did you want to submit a statement for the record?

Mr. DIXON. I ask unanimous consent to place the statement in the record as written.

Mr. ROGERS. Without objection, it is so ordered.

(Statement referred to follows:)

STATEMENT OF HON. HENRY A. DIXON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. Chairman, I believe the Burns Creek project would be harmful to western reclamation for the following reasons:

1. I believe the basic purpose of the Reclamation Act was to help finance multipurpose projects where irrigation would be a principal beneficiary. The Burns Creek project distorts this basic purpose since it is almost exclusively a power project. Ninety-eight percent of the cost is allocated to power and the cost allocation for irrigation is only an insignificant 1.7 percent. Mr. Nelson, the region 1 Bureau of Reclamation Director, testified that the water storage would only be needed and used for supplemental irrigation "possibly two or three times in a 50-year period."

2. In spite of many attacks upon reclamation in recent years, eastern and southern Congressmen have generally given us support for genuine reclamation projects. I believe we risk alienating these Congressmen and arousing their mistrust by attempting to pawn off an uneconomical and unjustifiable public power project in the name of sound reclamation.

3. The Idaho and Utah power and light companies can supply all the power which would be consumed from Burns Creek.

I would like to quote the Democratic presidential candidate for the past two elections to display that the leaders of both political parties oppose Government enterprise where private enterprise can do the job. Speaking in Portland, Oreg., on May 2, 1952. Adlai Stevenson declared: "where private enterprise can and is willing to do the job, I think it should be left free to do so." Even Franklin D. Roosevelt at one time made the following emphatic statement: "I state to you categorically that as a broad general rule the development of utilities should remain, with certain exceptions, a function for private initiative and private capital."

4. The Burns Creek would seriously harm our hard-hit intermountain coal industry. Many of our coal miners are unemployed or working only part time. The production of power is a major market for our intermountain coal. Yet the power produced by Burns Creek would reduce the amount of coal needed for

power generation by 250,000 tons or 20,000 man-shifts in the mines each year. The project is opposed by the United Mine Workers of America, the UMW District 22 and the Utah-Wyoming coal-mining industry. For example, Harry Mangus, president of District 22, Utah and Wyoming UMW, wired me urging me to oppose Burns Creek as follows:

"Understand hearings are to be resumed in House regarding approval of Senate bill 281 requesting approval of Burns Creek project recently passed by Senate. Bill very detrimental to the interest of Utah and Wyoming coal industry and members of UMW of A. Information contained in Congressional Record will substantiate this is not a true reclamation project but a project for establishment of public power that private industry is fully capable of supplying. Sincerely urge you to oppose this project when it appears for approval by the House."

5. The power production cost will be so high that if the power is sold at the same rate as the Palisades power, as proposed, it will be sold below cost. In fact the production cost according to Bureau of Reclamation figures will be 40 percent higher than the sales price. This explains why the Bureau of Reclamation has testified that "Burns Creek would be impossible, standing alone."

It is planned to subsidize Burns Creek from the Palisades project. However, this would extend the repayment period of Palisades by 25 years and deprive legitimate reclamation of almost $30 million which would accrue to the Palisades project if it is not saddled with the uneconomic Burns Creek project.

This then would completely reverse traditional reclamation policy. Normally, power revenues are allowed to subsidize irrigation. In this case irrigation would be required to subsidize power production. We reclamation people object to the establishment of such a dangerous precedent.

6. The Bureau of Reclamation has estimated the annual tax loss resulting from Burns Creek which would otherwise be paid by private utilities would be $472,000 each year. Taken over the full payout period for Burns Creek, this loss of Government revenue would amount to $33,984,000. This enormous loss is, of course, completely in addition to the loss in interest on the construction of the approximately $50 million project (the difference between 2½ and 4 percent which the Government must pay).

For these reasons I believe the Burns Creek project will harm true reclamation and be an unjustified burden on the taxpayer, and I hope this committee will not recommend it to the House.

Mr. ROGERS. The gentlewoman from Idaho?

Mrs. PFOST. I will reserve my time.

Mr. ROGERS. Mr. Saylor, do you have any questions?

Mr. SAYLOR. Yes, I do, Mr. Chairman.

Mr. Dixon, let me ask you this question: Your district covers almost all of the State of Utah; is that correct?

Mr. DIXON. That is almost correct. There are four counties right in the heart of the State in the second district. My district covers the 25 counties all around that little center in the heart of the State.

Mr. SAYLOR. And those four counties which comprise the other district in the State of Utah are principally around Salt Lake City.

Salt Lake, Utah County to the south, Davis County to the north, only 15 miles, Tooele County to the west, all within a radius of, I would say, 60 miles from Salt Lake City.

Mr. SAYLOR. Now if there are any reclamation projects to be built then in the State of Utah most of those projects will be in the district which you represent; is that correct?

Mr. DIXON. Yes. The central Utah project is still under construction. That will be in district 2, not in my district.

Mr. SAYLOR. And those projects which have been suggested in your State are ones which will put water on land so that they will produce crops; is that correct?

Mr. DIXON. That is a fact.

I should make one little correction. The central Utah project originates in my district, but the benefits will be quite largely in dis-

trict No. 2 and in my district south of Salt Lake City. So it extends to both districts.

Mr. SAYLOR. So that what you are saying to this committee is that if the Bureau of Reclamation is going to come in and offer projects which are 98 percent power, it is your feeling, as a westerner, that it will do damage to real reclamation projects.

Mr. DIXON. Definitely, because if the Palisades project be not saddled with this deficit it will finish out and produce about $30 million surplus to help other projects in the same time that it would pay out Burns Creek.

Mr. SAYLOR. Mr. Dixon, I would like to say to you, I am very happy to have you before this committee and hear your testimony, because while there are some people in the West that maintain I am an arch enemy of reclamation, I think the record will show that if there is a good project, such as Palisades was in its first instance, I have voted to support projects like that, and I will continue to vote to support projects which the Reclamation Bureau brings up here which are reclamation projects.

But when they come up with a project such as this, which robs a good project and the reclamation fund of tremendous sums of money, then I must say that we who come from the East and provide a good bit of the money have got to be very skeptical of the Reclamation Bureau and proponents of legislation such as this. I want to thank you for your testimony and for appearing before this committee.

Mr. DIXON. Thank you.

Mr. ROGERS. Mr. Haley, do you have any questions?

Mr. HALEY. Yes, Mr. Chairman.

I want to concur in what the distinguished gentleman from Pennsylvania has said and would also ask he not just include the East in this statement of yours, but would you include the South?

Mr. SAYLOR. I would be happy to.

Mr. HALEY. Mr. Dixon, you say that this project is 98 percent power. Actually, it is about 98.3 percent power; is it not?

Mr. DIXON. Thank you.

Mr. HALEY. If you build an additional plant out there, how much of the economy of the coal industry, which I understand is a good percentage of your industry out there, will be affected?

Mr. DIXON. About 20,000 man-days of miners' time, it would be a little over 600 full-time miners would be dislocated, I guess. That is the damage to the miners and that is why the miners' union is against it. Of course, I do not know how much it would damage our coal mines themselves, but it would affect the coal mines themselves materially and they are in very, very bad shape.

Now, the Utah Power Co. and the Idaho Power Co. are developing much of their power from coal. They had established large coal plants at Scofield there in my district and that has been a godsend to the coal miners and the coal mines. And if this power is taken away from them, of course, the coal industry has lost that much.

Mr. HALEY. In other words, the building of this facility out there would put out of work about 600 men per year; is that right?

Mr. DIXON. It is 20,000 man-days to be exact, and roughly that is about 600 miners.

Mr. HALEY. Of course, this is probably something I might obtain later, but it is my understanding that the total revenues anticipated to be produced by the Burns Creek facility would be approximately $300,000 less money than 3 percent interest would be on the amount involved. Is that substantially correct?

Mr. DIXON. I am not in the position to answer that. I am sorry.

Mr. HALEY. The building of this project and hooking it on the Palisades project would definitely delay the payout of both projects; would it not?

Mr. DIXON. Delay Palisades or extend it from 32 to 59 years.

Mr. HALEY. So what the people of this area are asking is that a project that is sound and will pay out in a given number of years, they want to take the revenues from that and use it to subsidize this project. Is that correct, substantially?

Mr. DIXON. That is right. With the tax loss and the delay of this project, if hooked on the Palisades, it will cost $45 million, and unnecessarily.

Mr. HALEY. Is there at the moment, or will there be in the foreseeable future, to your knowledge, any shortage of power in this area?

Mr. DIXON. I have discussed this with the power companies and they pledge me all of their good faith that there never will be because we have these huge districts underlain with coal. A sixteenth of our State is underlain with coal and we have the coal at Rock Springs and Kemmerer, in Wyoming, so there is no end of coal that can be used to generate the power.

Mr. HALEY. Approximately how many acres of land would be brought into production, if you know, Mr. Dixon, by irrigation in this project?

Mr. DIXON. It is extremely small because only 17/10 percent of the cost of the project is chargeable to irrigation. So it is practically negligible.

Mr. HALEY. You do not know the number of acres?

Mr. DIXON. No; I do not know the number of acres.

Mr. HALEY. What crops would this 1.7 acres produce, do you know?

Mr. DIXON. It would produce largely hay for livestock, barley for livestock feed. Those are the main crops in that area that would be produced. It might, down farther, produce some sugar beets and grain.

Mr. HALEY. Of course, if Castro keeps up his tactics down in Cuba, we might need the sugar beets, but there is no shortage of anything in the other categories of crops it would produce.

Mr. DIXON. No; I do not think so.

Mr. HALEY. Mr. Chairman, I want to compliment the witness for his frank statement. And, again, I want to reiterate that I think the people who are interested in irrigation and reclamation projects in the West had better take a long, hard look at this kind of project before bringing it here before Congress.

I think you people out there who have said you want Congress to go along with you on sound projects, have made a horrible mistake in bringing a project of this kind before the Congress.

Thank you.

Mr. ROGERS. Mr. Sisk?

Mr. SISK. No questions.

Mr. ROGERS. Judge Saund?

Mr. SAUND. No questions.

Mr. ROGERS. Mr. Burdick?

Mr. BURDICK. No questions.

Mr. ROGERS. The gentlewoman from Idaho?

Mrs. PFOST. Thank you very much.

Mr. Chairman, I want to ask my colleague, Mr. Dixon, if he is aware of the fact that the rural electric cooperatives and other preference customers, such as the cities of Idaho Falls and Burley, are standing by hoping to use every kilowatt of power that will be produced at the new Burns Creek project if it is developed?

Mr. DIXON. I am aware of that. I understand, however, that is much on paper, that they have not established systems in that area up to date.

Furthermore, I believe with Adlai Stevenson that where the power can be produced more cheaply by private enterprise and still save our coal industry that it is greatly to the advantage to do it.

Mrs. PFOST. Does my colleague not agree with me that, if this condition does prevail—that private industry could produce the power at a cheaper rate than the Government project—then those farmers who have had to curtail some of their pumping would have already been supplied?

Mr. DIXON. I have the statements of the power companies that they can provide ample power. Of course, I do not believe that the people in southeastern Idaho should benefit by power produced at less than cost and saddle that deficit onto the Palisades project and onto the taxpayers of the Government. That would not be fair.

Mrs. PFOST. Is it your understanding that the Palisades power project is not paying its way now?

Mr. DIXON. I am not complaining against the Palisades, I am complaining against putting Burns Creek onto the Palisades to make up this deficit produced by an uneconomical operation which Burns Creek will be. And I do not think we should do that to subsidize the Idaho people at the expense of the Palisades project, and all of our reclamation program. Because that will destroy our whole reclamation program and should be stated by members of the committee, our best supporters, who do not benefit by reclamation will lose faith in us and when we do produce a good project, why maybe they would not go along with us as they have been helping us in the past.

Mrs. PFOST. Is the gentleman aware that the Burns Creek project will double the capacity of the Palisades powerplant?

Mr. DIXON. If it does it, it does it at this deficit which I do not think is justifiable.

Mrs. PFOST. I believe, Mr. Dixon, that if you will observe the statements made by the Utah Power & Light Co. in the hearings before the Senate, that you will find they have entered into contracts to furnish power exclusive of and not feeling that Burns Creek would in any way stop the production of power or in any way affect their contract up there.

Mr. DIXON. They will go ahead with their contract up there whether or no.

Mrs. PFOST. That being the case, how does it follow, then, that 600 miners are going to lose their jobs?

Mr. DIXON. Because this additional power at Burns Creek will be produced by waterpower, while the Utah and Idaho power companies are producing lately much of their power through coal, like they have their big steamplant at Scofield in my district that has practically saved that district.

Mrs. PFOST. But if the preference customers in southeast Idaho take every kilowatt of power that would be produced at Burns Creek and Utah Power & Light proceeds with their contract at Kemmerer, Wyo., I cannot see where this will throw 600 men out of work.

Mr. DIXON. That power which they will take from the co-ops will be produced by waterpower, therefore, there will be that much less power from coal.

Mrs. PFOST. Thank you very much.

Mr. DIXON. Thank you, Mrs. Pfost.

Mr. ASPINALL. Mr. Chairman.

Mr. ROGERS. The gentleman from Colorado?

Mr. ASPINALL. I have one question of my colleague from Utah.

If this power was sold at a cost so that the Palisades project together with the Burns Creek project could pay out and pay interest on that part of the cost allocated to power within the 50-year period, and also give river regulation to this stream, then would my colleague oppose this legislation?

Mr. DIXON. I doubt that I would, Mr. Chairman. But the river-regulation arrangement, as I produced evidence, has no weight. And this power Burns Creek will produce is at 40 percent above what they can sell the power for. So there is a 40-percent loss on the operation.

Mr. ASPINALL. I understand what my colleague is saying. I want my colleague to know, as far as I am concerned, this project and all other projects must conform to the policies as far as payout is concerned, and they must pay the interest on that part that is allocated to costs of power and municipal water facilities.

Mr. DIXON. And we must keep faith with the fine supporters we have in Congress from the East and South or else our whole program is going to be in disrepute. And I think this project would put us there.

Mr. ASPINALL. Perhaps we can change the authorizing legislation so it would not.

Mr. DIXON. Thank you very much.

Mr. SAYLOR. Would the gentleman from Colorado yield to me?

Mr. ASPINALL. Yes.

Mr. SAYLOR. Are you trying to ask this witness whether or not he would like to integrate this Burns Creek so that at the end of a 50-year period there would be a surplus of $30 million for reclamation, as there now will be if the Palisades project continues to function as it is now operating?

All I am saying is that, in the interest of integration of this stream, I am willing to see that it is given the same benefit that other streams are given, but it must conform to the policies, payout, and interest payment, and so forth, that are generally acceptable in irrigation law.

Mr. ROGERS. Thank you very much, Mr. Dixon.

We have another of our colleagues here who desires recognition, Mr. Budge, of Idaho.

If you will come forward, we will hear you now.

STATEMENT OF HON. HAMER H. BUDGE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. BUDGE. Mr. Chairman, I deeply appreciate the Chair calling these hearings. I do not wish to appear as a witness myself this morning. The Chair and the committee were courteous enough to hear me at quite some length last August, and there are a number of very fine constituents from my congressional district who have traveled all the way from Idaho to present their testimony. I would simply like to against express my appreciation to the Chair and to the committee for making this time available to hear the merits of this project which means a great deal to the people in southeastern Idaho.

Mr. Chairman, I have some exhibits which have been forwarded to me which I would like to submit to the staff and then, if they are proper, I would ask unanimous consent they be included, either in the record or in the file. They are communications from other organizations in the State of Idaho who are unable to be represented here this morning.

Mr. ROGERS. That request will be granted with this qualification, Mr. Budge: If you submit the documents, the Chair together with the ranking member of the Democratic side and the Republican side will go over them, with your permission, and insert those in the record that can be properly put in the record, and the others will be put in the files.

Mr. BUDGE. Thank you very much, Mr. Chairman.

Mr. ASPINALL. Mr. Chairman, may I ask one question of Mr. Budge?

Mr. ROGERS. Mr. Aspinall?

Mr. ASPINALL. The same question I asked of our colleague, Mr. Dixon. Are you willing to see to it that this legislation conforms to these principles of reclamation law and the policies which we presently accept whether they are written or unwritten as to the 50-year payout period for the integration of this whole project?

Mr. BUDGE. I would say to the distinguished chairman of the full committee that in my service on this committee, and my service on the Appropriations Committee, I have always tried to subscribe to the doctrine which the chairman mentions and which I think is proper, that we should carry out the intent as well as the word of the Reclamation Act.

Mr. ASPINALL. Of course, Mr. Budge, that is not an answer to my question because it is either a "yes" or "no" question as far as I am concerned. I can advise my former colleague of this committee and my colleague of Congress, in whom I have great confidence—and I think he is to be complimented on a great deal of the work he is doing in the committee to which he now belongs—the thing I object to is the exceptions we always make to the general principle for our own individual project and I do not believe my colleague is in a position to ask for exception for this project.

Mr. BUDGE. I do not wish this project to be considered in any different light than the other projects which come before this committee. I think that in carrying out the intent of the Reclamation Act, we should follow the payout provisions of the act as well as the other portions of it and I think the project should be tailored to fit within that pattern.

Mr. ASPINALL. I am glad to have that answer.

Mr. BUDGE. As a matter of fact, I hope the committee will really have exhaustive and intensive hearings on this project to show that it does fit within the pattern of the Reclamation Act.

Thank you very much.

Mr. ROGERS. Thank you, Mr. Budge.

Without objection, the statement of our colleague, Hon. Cleveland M. Bailey of West Virginia, in opposition to this legislation will be inserted in the record at this point. And, without objection, the statement of Senator Gale McGee of Wyoming in support of the legislation will also be inserted at this point.

STATEMENT OF HON. CLEVELAND M. BAILEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. Chairman, I have asked for the opportunity to appear here today because it is my sincere hope that the proposed bill will get no further than this subcommittee. I feel that it is an imposition upon the Congress to be forced to consider such a costly and I believe unnecessary project at a time when we are all wondering where we are going to get adequate funds for our defense needs.

Looking over some of the many reclamation developments that have been made possible through congressional appropriations over past years, I believe that Congress has been extremely generous in its attitude toward our great Western States. None of us, regardless of what area of the country we represent, wants to stand in the way of any legislation that will contribute to the general welfare. On the other hand, we have a very definite obligation to the Nation as a whole to respect the limits of our financial capacity. Certainly there is no urgent need involved in this bill. Perhaps it is something that might be taken up in an era of monetary surplus and high employment. I detect no sound reason for undertaking the job at this time.

Now, gentlemen, I know that you are going to examine every aspect of this bill. You are going to dissect it in such a way as to determine exactly how many millions of dollars will be used to construct power generating and distribution facilities, and you will also review the amount that would be earmarked for reclamation. In order to restrict my remarks so as not to burden you unnecessarily, I should like to confine my comments to two basic considerations—energy resources and employment.

As you know, West Virginia is the Nation's foremost coal producing State. We believe that nature has been mighty good to us in providing such a vast storehouse of energy beneath our soil. One of the main attractions in West Virginia for manufacturing and processing industries is our coal. In the past few years the aluminum industry, once tied almost exclusively to water power, has moved down along our western boundary to take advantage of our great stockpile of natural resources. Because there is so much activity in the chemical industry along the Kanawha River, that section of West Virginia has become popularly known as the Ruhr Valley of America. There are numerous other industries in our State linked closely to coal, and we are hopeful that many more move down our way where so much of this fuel is available at remarkably low cost.

More than 6 billion tons of coal have come out of West Virginia mines since our State joined the Union in 1863. Yet we have more than 52 billion tons of mineable reserves remaining.

Now, then, what about Utah? And about Wyoming, which I believe ships some coal into the Burns Creek area at the present time? Utah's recoverable coal reserves, according to the U.S. Bureau of Mines and the Geological Survey, amount to more than 46 billion tons. Wyoming has a total of 60 billion tons of mineable reserves. At the present time we are producing in the neighborhood of 7 million tons a year in those 2 States, so with a little mathematical calculation you will find that there is enough coal in Utah and Wyoming to last for something like 15,000 years at present rates of production. Is it necessary to spend about $50 million for a fuel project when you have all of this live energy waiting to be used? I do not think so.

What about employment? Utah and Wyoming probably have some 3,000 miners at work at the present time. That figure may not seem very significant when it is applied to the total number of persons who are wage earners out there.

Over the weekend I got out my copy of the World Almanac and learned a little bit about those States. I find that the 3,000 miners would exceed in number the entire 1950 population of Bingham Canyon, Helper, Vernal, and many other communities in Utah. In 1950 there were not that many men, women, and children in Buffalo, Douglas, Lovell, or Thermopolis, Wyo.

Take those 3,000 miners and add the other personnel connected with your coal mines; add the railroaders whose jobs depend upon the transportation of coal; add the workers who make the equipment and supplies used in those mines, then multiply this total by the average number of women and children per family dependent upon the incomes of those individuals, and you have a very large group of human beings who look to the coal industry for their bread and butter. I submit that it would be an injustice to invest the money of the American taxpayers in a project that is not essential and would bring unemployment, poverty, and misery into these many homes.

I have seen what happens when coal is unnecessarily displaced in American fuel markets. Many who work in the mines are trained technicians today. It is no longer a matter of their being able to go out and adjust themselves to new careers. They are specialists in operating machines that have taken over the duties once provided by brute strength. These men will be needed in the mines if there is ever another emergency—there is no doubt about this premise. Last time we got into a world conflict, our coal requirements increased by 75 percent in 6 short years, and there is no telling how long the war would have lasted had coal not come through in this crucial period. This principle does not apply exclusively to my State and to the rest of the Appalachian area. I remind you that the demands of the war emergency increased Utah's coal production from 2,947,000 tons in 1938 to 7,119,000 tons in 1944. For Wyoming it was 5,204,000 tons in 1938 and 9,540,000 tons in 1944.

Mr. Chairman and members of the subcommittee, these are the figures which I ask you not to overlook in your appraisal of this bill. I know that in your wisdom you will look closely at the financial and economic considerations involved. Add to those the human factor and I am confident that you will not approve this legislation.

STATEMENT OF HON. GALE W. MCGEE, A U.S. SENATOR FROM THE STATE OF WYOMING

The Burns Creek project is one which is of interest to many of the citizens of western Wyoming. The necessity for holding hearings to consider its usefulness to the economy of the mountain West is the result of the fact that it was not included in the authorization for the Palisades development.

Since this project envisages the construction of an afterbay dam and powerplant which is a natural part of the Palisades development, it might better have been authorized with the other segments of this overall project on September 30, 1950 (64 Stat. 1083).

It has previously been and is now my contention that such projects must be evaluated in relation to the overall economic development of the area. It seems to me that, viewed in this manner, the Burns Creek project should be authorized.

Recently a study entitled "Mineral and Water Resources of Wyoming" was prepared at my request by the U.S. Geological Survey. This study brought into dramatic focus the fact that this area is rich in a variety of natural resources. The predictions of the Census Bureau and other governmental agencies and business concerns make it apparent that not only the West but the entire Nation is going to have to depend upon the development of these resources within the coming decades.

One of the detriments to adequate development in the past has been the fact that compared with some of the more populous sections of the country, the Rocky Mountain area might be considered to be "power poor." The problem is, then, to supply the necessary power. If this objective is to be attained, we need to encourage both public and private development. The fact is that there will be a demand in this area for as much power as can be supplied from both these sources put together.

Mr. ROGERS. In view of some of the circumstances that have arisen, before the Chair hears the proponents we are going to hear one of the opponents. The matter was presented to me and in the opinion of the Chair the circumstances justify this exception to the regular

order. So, at this time, the Chair will recognize Mr. Robert Ginna, president of the Rochester Gas & Electric Co. to present his testimony.

STATEMENT OF ROBERT GINNA, PRESIDENT, ROCHESTER GAS & ELECTRIC CO., NEW YORK

Mr. GINNA. Mr. Chairman and members of the subcommittee, I want to express my appreciation for being heard this morning on this important matter. The circumstances are that I have to leave late tonight on a very important and extensive atomic energy mission and so I could not be here tomorrow.

My name is Robert Ginna. I am chairman of the board of Rochester Gas & Electric Co., which serves approximately 600,000 people in the greater Rochester area of western New York State.

I believe the significance of this legislation reaches beyond southeastern Idaho and poses an issue of vital interest to the entire country, certainly to the entire electric industry. When the Government starts talking about accepting responsibility to supply the ever-growing power needs of consumers, it behooves everyone in the country to sit up and take notice.

There can be no doubt that Burns Creek is a power project and nothing else. The Senate debate on S. 81 revealed that over 98.2 percent of total cost is allocated to commercial power production and only 1.7 percent allocated to irrigation. My opposition is directed against construction of a Federal power dam which, on the face of it, has no other purpose than to supply the demands of a limited number of people who want to buy a product at a subsidized price and who are unwilling to go into the marketplace and pay the cost of the product or service—a price that includes a payment in the form of taxes to local, State, and Federal Governments for the services they perform in the interest of all the people.

I think the average person in the eastern section of the United States—upon whom western reclamation States largely depend for financial and political support to carry out worthwhile projects—has been sympathetic with the reclamation program in general. He believes that the reclamation program is essential to the welfare of the entire country. I know this is the way I have felt myself. To the best of my knowledge neither individual companies nor the electric industry has ever opposed a legitimate reclamation project even though some of them may have seemed to be of questionable value. In fact, our companies have supported true reclamation projects. But now we are being asked to go along with the unnecessary spending of almost $50 million to subsidize the electric power rates of a relatively small number of preference customers in Idaho under the guise of reclamation.

This is not the first instance where the Bureau of Reclamation has proposed to build an all-out power project. Senator Anderson, on the floor of the Senate, July 24, 1959, stated that the Bureau has built other all-out power projects. If the Bureau of Reclamation is going to attempt construction of power projects under the guise of reclamation, then the reclamation program for this country which has been thought of in terms of reclaiming arid lands is going to lose its appeal to those in the East who bear the burden of financing the major

part of the costs. In fact, such a policy on the part of the Bureau is going to throw a cloud of suspicion on all reclamation projects—legitimate or not.

The State of New York would have to put up almost $7 million of the cost of financing this power project in Idaho, whereas the State of Idaho would put up only $130,000. No wonder Senator Church is quoted as saying on August 15, 1959, that the State of Idaho gets back nearly 4 to 1 for every dollar it contributes to Federal grants-in-aid programs. On the Burns Creek deal it would get back $384 for every dollar it would contribute.

Any person dedicated to the philosophy of American free competitive enterprise should be vigorously opposed to the Burns Creek project and the real philosophy upon which it is predicated.

Proponents of S. 281 are making no bones about it. This project is an effort to force the Government to assume a utility responsibility for preference customers in the area. The desires of many of these preference customers are well known and will be stated here.

I can even understand why those limited few, who will benefit from the project, are such ardent supporters but I cannot understand how those whose constituents will pay for the project can possibly endorse it.

The power policy statements of political leaders and Government officials show that they do not believe that the utility responsibility is a function of the Federal Government.

As President Eisenhower told a group gathered at the dedication of the McNary Dam on September 23, 1954:

> It is not properly a Federal responsibility to try to supply all the power needs of all people. The Federal Government should no more attempt to do so than it should assume responsibility for supplying all their drinking water, their food, their housing, and their transportation. To attempt such a centralization of authority and responsibility will surely start a deadly cycle.

Fred G. Aandahl, Assistant Secretary of the Interior, had this to say on the subject September 19, 1958, in a meeting in Idaho:

> The last thing we want in electric power is a Federal monopoly with local communities depending on the Government in Washington for their economic opportunities and needs. Such hydroelectric power as comes from federally constructed generation should be marketed so that in contributing to the economic strength of the area it also will be most helpful and least disruptive to local entities, both old and new, that historically and currently have the primary responsibility for power supply and distribution, as presently measured by their supplying 85 percent of the total generation and all of the distribution.

Reclamation Commissioner Dexheimer on April 1, 1959, said that:

> The Federal Government is not a utility, and we look to the utilities to accept the responsibility of keeping an adequate supply of kilowatts on the line. * * *
> It should be noted also that we specifically do not attempt to or profess to supply the entire power needs of any area.

In the 84th Congress, the report of the so-called Chudoff committee advocated that the Federal Government should accept a virtually complete public utility responsibility. The report of the minority in that committee report had this to say about that recommendation:

> The majority's doctrine of Federal public utility responsibility is a direct threat to the American enterprise system.
> If the majority's position were accepted, it would sound the death knell of local public or private enterprise in the electric utility field. It is apparent that no local utility could compete with tax-free Federal power financed and assisted

by the resources of the U.S. Treasury. If the Federal Government has any such responsibility in Georgia, or Oregon, then to give all Americans equal treatment, it must be extended to the 46 other States. * * *

We * * * believe that federalization of the electric industry will result if the Federal Government assumes such a complete utility responsibility as the report indicates the majority advocates. (H. Rept. 2279, 84th Cong.)

On the other hand, one of the sponsors of S. 281, Senator Frank Church, stated categorically on the Senate floor that the Senate Interior and Insular Affairs Committee expressed the view that preference customers are entitled to look to federally generated power for energy to meet the load growth. This statement prompted Senator Goldwater, also a member of the Senate Interior and Insular Affairs Committee, to respond with vigor and emotion:

Are we willing to accept such a concept? If we are, let us not chisel in and do the job piecemeal—a little here and a little there—let us get the job done right. Let us tell those we represent that we are going to nationalize the electric power industry and take it over. Let us tell them that we, their representatives, accept socialism; and see how they feel about that.

To Senator Goldwater's comments I would like to add: If Congress does decide to nationalize the electric industry, as England did, then I beg of you Members of Congress—at least do it the most efficient way and at the least cost to the already overburdened taxpayer. The firm power output of the proposed Burns Creek project, which will cost the taxpayer almost $50 million, could be duplicated by a modern thermal plant for under $3 million, a ratio of 17 to 1. Even a nuclear plant at this early stage of the art, could only cost in the neighborhood of $5 million. How then can a $50 million power project even be considered?

Yes, Mr. Chairman, the seeds of a concept which can stifle the vitality of the Nation's electric industry are contained in this proposition to construct a power dam at Burns Creek. This is a dangerous concept. It is an alien concept, and one which should be actively opposed by all those who believe in the free enterprise system.

If the Government assumes a utility responsibility to supply in perpetuity the growing needs of certain selected customers in southeast Idaho, as proposed in S. 281, where will you go when hydro sites have run out? Will the Government then be obligated to supplement hydro by building steam or atomic plants? Steam or atomic plants can be built most anywhere. I think anyone should be able to see the handwriting on the wall and should be able to foretell the future if the Government embarks on such a venture as this.

Government power proponents accuse the electric companies of seeing ghosts in these Government power programs. Nothing could be further from the truth. We are accused of crying "wolf" and told we have nothing to fear—that this small percentage of Government power here and there will help the industry, not hurt it. But, gentlemen and ladies, we have a real fear. We know that no business can compete with a Government operation that has the advantage of Federal Treasury financing and freedom from taxation. We have seen Federal power expanded from less than one-half of 1 percent of the Nation's total to 19 percent of the total in one generation.

In the printed text it says 15 but I had recent figures given to me the other day, Friday, that the recent figures reported to Senator

Kerr should be 19 percent. Present plans and proposals, of which Burns Creek is a part, will increase the percentage.

Every argument, from shady reclamation projects to the Russian situation, is being used to accelerate the Government program. People are not going to long stand idle and see one group of citizens receive Federal gratuities at the expense of the others. When the Government program reaches a certain percent of the total, the movement will then have to snowball and the end result will destroy the investor-owned industry. I know of no more expedient manner of accelerating the Government program than acceptance of a Federal utility responsibility for power as is implied in this very bill.

In closing I would like to express in the strongest terms my opposition to S. 281, both as an individual and as a member of the utility industry. This is a bad bill, covered by the white cloak of reclamation, and would lead the country one more step toward a nationalized electric industry.

Mr. ROGERS. Thank you, Mr. Ginna.

The Chair recognizes the gentleman from Colorado, Mr. Aspinall.

Mr. ASPINALL. Mr. Chairman, I do not intend to take any time for questioning, but I am sure Mr. Ginna, in his statement at the bottom on page 2, in the last paragraph, meant to precede his statement with some introductory preface in my opinion:

> Any person dedicated to the philosophy of American free competitive enterprise should be vigorously opposed to the Burns Creek project and the real philosophy upon which it is predicated.

I wish to remind him that he used the statement of the President of the United States—and nobody questions his dedication to the free enterprise system—and members of the Department of the Interior in his argument against the Burns Creek bill, and the President of the United States in his message and the Bureau of the Budget asked specifically for this legislation and the Department of the Interior has asked for it and the Bureau of Reclamation has recommended it come up here with its approval.

Now, to question anybody's dedication to the free enterprise philosophy and use the arguments that have been used here just seems to me that we are trying to ride both sides of the fence and I for one do not consider that to be a valid argument against this project. I do not know what this project is going to be. There are a good many people in the United States that are dedicated to the free enterprise system other than those who are representatives of the private utilities.

That is all I have to say, Mr. Chairman.

Mr. GINNA. Let me remind——

Mr. ASPINALL. I did not ask a question.

Mr. ROGERS. That statement by the chairman did not call for an answer. You can discuss it with him later, if you like. The Chair recognizes the gentleman from Pennsylvania, Mr. Saylor.

Mr. SAYLOR. First, Mr. Ginna, I would like to compliment you on the statement you have made, because I think that your statement and the position you have taken actually points up what this committee is going to have to decide and what the people of this country are going to have to decide in the conclusions reached in the Burns Creek project. I appreciate the fact that you as an easterner would come

here and take this time from your schedule to come up here before this committee.

Let me ask you this question, Mr. Ginna. Do you know of your own knowledge whether or not the private utilities in and about the Burns Creek area or this section of Idaho have the present capacity to supply the needs of that area?

Mr. GINNA. I have been on the system of the Utah Power & Light. I am generally familiar with their capacities. I am informed by that company that they have adequate capacity to supply all the power needs of the people that are involved here.

Mr. SAYLOR. Do you know whether the Utah Power people you have referred to have plans which would enable them to take care of any future needs in this area?

Mr. GINNA. Yes, sir. I am glad you are asking me that because I think that it is overlooked that that is the primary responsibility of every utility company. In my own company, we have to take care of the future needs of our customers and we are continually building ahead. In my own case, our plans are 20 years ahead, and I am sure in the case of Utah Power & Light it is equally that long. That is a fundamental in the business.

Mr. SAYLOR. Mr. Ginna, last year we had a witness appear before our committee and make a statement that this is the last powersite on this river. Do you know whether the Bureau of Reclamation is making studies for future programs in that immediate area?

Mr. GINNA. I am sure they are. They are making studies of the whole part of the West as far as I know. They are very busy people.

Mr. SAYLOR. It is very interesting in view of the statement made last year, in the Bureau of Reclamation's request of the Appropriations Committee for their justification of funds. This year, they are already asking for money to complete studies on the Narrows project, a short distance upstream from Burns Creek.

Mr. GINNA. So, I understand.

Mr. SAYLOR. Mr. Ginna, have you heard of the argument that this reservoir being proposed at Burns Creek is necessary so that the Palisades powerplant can be operated to its full capacity?

Mr. GINNA. I have heard those statements, but I do not quite believe that.

I think it might help a little bit, but certainly it isn't going to help it very greatly.

Mr. SAYLOR. Let me ask you this: Assume that it is true. Will not the building of the Burns Creek project, with a powerplant just move the damage 30 miles farther downstream as far as damage to irrigation is concerned?

Mr. GINNA. Without attempting to be facetious, Mr. Saylor, I think it is something like this: you already have a lemon in Palisades and then you propose to add another lemon to a lemon and you can't get a peach out of that combination.

Mr. SAYLOR. No further questions.

Mr. ROGERS. The gentlewoman from Idaho?

Mrs. PFOST. In what way do you think Palisades is a lemon?

Mr. GINNA. It has got too much capacity in there for the amount of water.

Mrs. PFOST. I am wondering what some of the people in the East are going to do for food one of these days, unless we are farsighted enough to provide irrigation water for the land that produces the food for the exploding population?

Mr. GINNA. But, my dear Congresswoman, the record shows that this isn't a reclamation project, it shows 98.2 percent is a power project. The amount of irrigation is going to be very small out at Burns Creek.

Mrs. PFOST. Mr. Ginna, you said Palisades was a lemon just a few moments ago.

Mr. GINNA. I think it is a lemon because it has got too much capacity for the water and I think the fact it doesn't pay any taxes and get its money out of the Federal Treasury makes it a lemon as far as I am concerned. It is a burden on the rest of us. It is not paying its way.

Mrs. PFOST. Let me assure you, Mr. Ginna, the people in the Palisades area who irrigate their land have paid taxes like other people, at least they did until their income was stricken from them by this administration's abominable farm policy. It is entirely possible, with such a cut in farm income, they may not now be able to pay income taxes. In my opinion, agriculture is a pretty important segment of our economy and the farmers who use the irrigation water from the Palisades Reservoir certainly give jobs to a great many people in the factories who produce machinery, equipment, and materials to take care of those farms.

And let me call your attention, Mr. Ginna, to another situation: In closing you said in your statement that you would like to express in the strongest terms your opposition—now this is to the Burns Creek rather than the Palisades, I take it—because "this is a bad bill covered by the white cloak of reclamation." Let me call your attention to the fact that not only will Burns Creek insure irrigation water during the drought period to those people who are irrigating from Palisades today, but it also will make possible the power with which to pump water on at least 53,000 acres of land which rises above the gravity flow of the present irrigation system. So, therefore, your statement is not quite correct.

Mr. GINNA. I think it is. I am sorry to differ with you. I do not consider this Burns Creek project a reclamation project at all.

Mrs. PFOST. That is all, Mr. Chairman.

Mr. GINNA. And as far as we are concerned, in the East it is not going to provide any food for us. We are not eating hay in western New York.

Mrs. PFOST. I might call attention to the gentleman there are row crops grown in southeast Idaho under the Palisades Reservoir which provides many of the foods for the East.

Mr. GINNA. I think I heard this morning, Your Honor, it was largely hay and possibly some beet sugar. That is what I listened to this morning.

Mr. SISK. Will the gentlewoman yield to me?

Mrs. PFOST. Yes.

Mr. SISK. Does the gentleman drink milk or eat beef?

Mr. GINNA. I am a great milk drinker.

Mr. SISK. I wonder if you think you would have either milk to drink or beef to eat if we did not have feed grains and pasture?

Mr. GINNA. As I indicated, of course, at the beginning of my statement, we are for reclamation in general, where it does good, but we are not for a power project.

Mr. SISK. I am going to ask——

Mr. GINNA. I have traveled extensively all over this country, especially in the West, and you see large, large areas where projects were built and still nothing much has been done with the land.

Mr. SISK. The point is, your statement that you did not need hay was a little facetious, would you not say?

Mr. GINNA. Yes, I was just trying to bring a laugh out. Of course, we need hay, but I doubt if hay raised in Idaho would be shipped to New York State.

Mr. SISK. We enjoy your comedy, thank you.

Mr. ROGERS. The gentleman from Washington?

Mr. WESTLAND. You stated what seemed to me to be somewhat of a paradox. You said these 90,000 kilowatts could be built for $3 million in a conventional steamplant and $5 million with nuclear power, whereas this project would cost approximately $50 million. Yet you said that a private company could not compete with low-cost power subsidies by the Federal Government. My question to you, Dr. Anthony, is, If it is going to cost $50 million to build 90,000 kilowatts, how in the world are you going to have cheap power?

Mr. GINNA. You are not, it is not going to be cheap.

Mr. WESTLAND. Then a private plant could compete with it?

Mr. GINNA. Sure, Utah Power & Light Co. more than competes with it right now.

Mr. WESTLAND. That is all I wanted to know.

Mr. GINNA. Sure.

Mr. WESTLAND. I understand you to say a private company does not compete with subsidized power.

Mr. GINNA. The point I was trying to make is if you must have a federally sponsored power, federally financed power project, why do it the most expensive way, why not do it the cheapest way?

Mr. WESTLAND. Your point is this will not be low cost power, but will be high cost power?

Mr. GINNA. $550 a kilowatt is pretty high, as you know. It couldn't possibly pay out.

Mr. WESTLAND. That is all.

Mr. ROGERS. The gentleman from California?

Mr. SISK. Mr. Chairman, I only wish to ask a few questions of the witness.

As I understand, your statement at the bottom of page 1 and the top of page 2 is that you have supported good reclamation projects generally.

Mr. GINNA. That is right.

Mr. SISK. Do you have any particular reclamation projects in mind that you have supported?

Mr. GINNA. I have supported them by having my representatives support bills down here which were good reclamation projects. I can't list them all off for you, but I would be glad to submit a list. The fact that I have not appeared here in opposition to any reclama-

tion projects, except this one, is an indication of what my general attitude has been. Every opportunity I have to talk against projects of this nature I want to come down and say something about it.

Mr. SISK. I think there are a great many people that probably have some question in their minds, Mr. Ginna, about this particular project, but at the same time you just called the Palisades project a lemon, so to that extent, I was a little bit curious because I think a good many people in Congress, the overwhelming majority supported Palisades, and certainly as far as I know, Palisades is a good reclamation project. Personally, your statement to me is not a statement that particularly would help certainly in changing my mind one way or the other, because the very fact that you seemingly indict me or indict anyone else or, as already brought out by the chairman of the full committee, the administration as well is in support of this bill, to the effect that they are not dedicated to private enterprise.

I think that you are on very poor ground and I think that your whole statement to a large extent is unfortunate in that respect.

Mr. GINNA. I am sorry, but I think we are apt in our zeal to forget we are planting seeds that are going to eventually destroy private enterprise in this country.

Mr. SISK. I do not hold those fears, thank goodness. I know we have this old bugaboo brought up and it has been back through history since the settlement of our country, but we have got along pretty well.

Mr. GINNA. Thank God for that.

Mr. SISK. And I have very great faith in the American people we are going to proceed to get along pretty well in the future. I think sometimes intemperate statements do not help the situation maybe as much as you think they would.

Mr. GINNA. We hear a lot of them directed at our industry.

Mr. SISK. That is all.

Mr. ROGERS. The gentleman from Minnesota?

Mr. LANGEN. I will reserve my time.

Mr. ROGERS. The gentleman from California, Mr. Saund?

Mr. SAUND. Mr. Ginna, can you go back into your memory, were you for REA, did you support it?

Mr. GINNA. Did I what?

Mr. SAUND. Did you support the REA program?

Mr. GINNA. No, sir. I do not support it today.

Mr. SAUND. Did you support the TVA program?

Mr. GINNA. No, sir. That was not a reclamation project.

Mr. SAUND. Was Abe Lincoln dedicated to the principle of free enterprise?

Mr. GINNA. I am sure he was.

Mr. SAUND. Do you know one of the contributions he made to American progress was to have subsidized the railroads so that we may have railroads in this country?

Mr. GINNA. Yes.

Mr. SAUND. Was that a good thing to do?

Mr. GINNA. It was.

Mr. SAUND. Why?

Mr. GINNA. Because it helped the Nation as a whole.

Mr. SAUND. How about REA and TVA and Palisades project, do you not think they help to build the country?

Mr. GINNA. I think what was accomplished with the REA would have been accomplished by the privately owned taxpaying industry just as well, but here you have the REA today getting money at 2 percent that costs the Government twice that. It just don't make any sense as far as I am concerned.

Mr. SAUND. I happen to come from an area where we did not have any electricity and REA made it possible for us to have it while the private utilities had not.

Mr. GINNA. In that particular case, it was regrettable the company did not do it. I have no REA's in my territory at all. We built the lines ourselves.

Mr. SAUND. In regard to free enterprise, let me ask this. Take a hypothetical case, a man wanting to build a factory today and he went to the bank and the finance company or the insurance company and could not get any money to build it. Would you be in favor of the Government giving him the loan to go ahead and build the factory?

Would you be for that in any circumstances. Would you favor that?

Mr. GINNA. No, I would not approve of that; no.

Mr. SAUND. Do you know in my part of the country there is a man by the name of Henry Kaiser who could not get money from anywhere. Free enterprisers turned him down, your free enterprisers, not mine. The Government loaned him money through RFC, he has paid the money back, and we have a flourishing steel industry in my area. Do you think that was a mistake on the part of the Government to do that?

Mr. GINNA. I think the occasion of the RFC was justified because we were in a war economy and all that sort of thing, but I think the Government should confine itself to regulation and so on, and not compete with enterprise.

Mr. SAUND. There are different interpretations of free enterprise. Do you mean that the law of supply and demand should operate, that is how we should fix the prices of commodities and so forth, is that correct?

Mr. GINNA. That is right.

Mr. SAUND. Does not the Government come into the picture to set the prices of the power which you sell?

Mr. GINNA. They regulate it.

Mr. SAUND. Regulate it. Then you are opposed to that, are you?

Mr. GINNA. No, no; certainly not.

Mr. SAUND. Why not?

Mr. GINNA. Because we are regulated fairly in New York State. Why should I be opposed to that?

Mr. SAUND. The only reason we put that regulation in was we were afraid the prices would not be fair.

Mr. GINNA. There is another reason for it, too. You couldn't very well have three or four power companies on the same street. So there had to be some order to it.

Mr. SAUND. Of course, we all are glad we have all kinds of opinion in this country. I am glad to hear your statement, but I think you are just a little too extreme in the statement.

Mr. GINNA. I am getting a little tired of paying somebody else's bill. That is the trouble. If everybody stood on their own feet, I probably wouldn't be here at all.

Mr. SAUND. I would stand on my feet, too, if I had some investment and I could charge so much interest and then so much depreciation and be making a big profit out of it. I would be all right. Does your company have contracts with the U.S. Government today?

Mr. GINNA. My company?

Mr. SAUND. Yes.

Mr. GINNA. No. We have governmental projects that are customers of ours, if that is what you mean.

Mr. SAUND. When you sell to the Government, you make 10 percent profit, or whatever profit out of it, do you not?

Mr. GINNA. We don't make a profit in your definition of the word profit. We only recover the cost of our money that we have to go out in the public and raise.

Mr. SAUND. When you sell to the Government you make your legitimate profit out of it, and the taxpayers all over the country, including the people of Idaho pay the cost of that.

Mr. GINNA. But we are paying 52 percent taxes on that, too.

Mr. SAUND. Yes. You know what I noticed, the Bureau of the Budget furnished us the books just the other day and I found out in 1952 the total income from personal income taxes was $27 billion and in 1960 it will be $43 billion, but the income from the corporation taxes during the same period increased from $21 billion to only $23 billion. Only $2 billion increase across this period while the other increased $16 billion. You are not paying any more than any individual is doing. I do not think the corporations really are paying their share.

Mr. GINNA. The swell in the personal income taxes was largely due to an increase in population.

Mr. SAUND. No.

Mr. GINNA. Largely due to that.

Mr. SAUND. That is all.

Mr. ROGERS. Judge Chenoweth?

Mr. CHENOWETH. No questions.

Mr. ROGERS. The gentleman from North Dakota?

Mr. BURDICK. One question.

On page 2 you say, "Now we are being asked to go along with the unnecessary spending of $50 million to subsidize electric power rates," and so forth.

Mr. Ginna, suppose $50 million is authorized and appropriated, to be done only under a repayment contract of say 50 years and that $50 million is repaid with interest over that period of time. Do you still consider that spending?

Mr. GINNA. Yes, the Corps of Engineers said this would never pay out, this project.

Mr. BURDICK. Assuming that it did pay out.

Mr. GINNA. It isn't at that investment cost.

Mr. BURDICK. On my assumption that it would pay out, is that spending?

Mr. GINNA. Yes; I say it is unnecessary spending on the part of the Federal Government. I do not think the Federal Government should be in the power business.

Mr. BURDICK. Is it not rather a capital investment?

Mr. GINNA. No; I do not view it that way.

Mr. BURDICK. That is all.

Mr. ROGERS. Mr. Ginna, I have just one question in regard to your regulation situation.

What would be your feeling with placing all of the regulations of these power utilities or utility activities under the Federal Power Commission and doing away with the State agencies?

Mr. GINNA. I think you would have all the States down here raising the devil.

Mr. ROGERS. I come from a gas-producing area. [Laughter.]

Mr. GINNA. I know you do. Again, let me say I apologize if I was facetious. I thought that was a pungent way to bring out my feelings about this and I again want to express my thanks for letting me come this morning; I appreciate that very much.

Mr. ROGERS. Thank you, Mr. Ginna. We are glad to have you.

Mr. GINNA. Thank you, gentlemen.

Mr. ROGERS. The next witness will be the leadoff witnesses for the proponents of this legislation, Mr. Edwin C. Schlender, secretary, Snake River Power Association, Inc. If you will come forward, you will be recognized.

STATEMENT OF EDWIN C. SCHLENDER, SECRETARY, SNAKE RIVER POWER ASSOCIATION, INC.

Mr. SCHLENDER. Mr. Chairman, and members of the committee, I have a statement that I would like to submit for the record and which I would like to summarize in my testimony.

Mr. ROGERS. The Chair has been advised there is some picture taking going on in the room. That is in violation of the rules and I will ask whoever is doing it, please stop it. Otherwise, we will have to take the camera.

Mr. Schlender, you may proceed.

Mr. SCHLENDER. Mr. Chairman, I am Edwin C. Schlender, secretary of the Snake River Power Association, Inc., which organization recommends that the Burns Creek project be authorized for construction by the Bureau of Reclamation.

The Snake River Power Association is a generation and transmission type of cooperative organized for the purpose of securing and maintaining adequate supplies of wholesale electric power for our members and contributors.

Our membership is composed of cooperative, municipal, and mutual types of electric utilities located in south central and eastern Idaho.

We represent 24,000 electric consumers.

We strongly urge you to report favorably on this project and recommend that the bill do pass. We do so because we believe it is a good project with great public benefit.

It has the endorsement of all interested parties in the State of Idaho, except the electric utility companies.

It has been approved by the Department of the Interior, the Bureau of the Budget, Department of Commerce, Department of Labor, the Department of Agriculture, Department of the Army, the States of Wyoming, Washington, Oregon, Nevada, Montana, and Idaho.

The Bureau of Reclamation had adequately demonstrated the need for the project and its feasibility. They have clearly shown that it will repay its cost with interest.

This is an ideal project because in Idaho, water and power go hand in hand. The people that use the water also use the power.

In southern Idaho, we depend on the Snake River for everything, irrigation water, power production and waste removal. Without the river, this great high producing area would be a barren desert.

One facet of this picture that has been little touched on is the need of controlled river releases to reduce pollution of the river. As the cities and towns with new industries continue to grow along the river, the wastes dumped into the river become an increasing problem and the Department of Health, Education, and Welfare has pointed out that steady riverflow is necessary to maintain healthful conditions. The reregulating reservoir of the Burns Creek project would have a great deal of value in this matter.

This project is indeed of great value to the operations of the Bureau of Reclamation. They have built many projects over 50 years. This whole Snake River Plain would probably be a desert without the program the Bureau of Reclamation has had there for the last 50 years.

They have had substantial quantities of power to sell but because the production of their plants were controlled by water releases for irrigation they are short of peaking power to meet the demands of their customers—hence they have not been able to command as high a price for the power as was possible if they had been able to more fully meet the peaking requirements.

Burns Creek, acting as a reregulating reservoir, will give them peaking capability and therefore allow them more revenue from their projects which will help offset the rising costs of operations.

As you know, that is a very serious problem with all types of operations such as this.

Burns Creek will fill an important phase of the Bureau's plans for operations to more fully meet the requirements of their own electric loads such as: North Side Pumping, Michaud Flats and Fort Hall projects. Those are irrigation projects, as our Congresswoman from Idaho pointed out a while ago, that are above the level of the river and must have the water pumped up to them.

It was originally planned that power for these projects would be supplied from the American Falls Dam, which is on down the river near the town of American Falls, Idaho. The dam has been built since 1923. The penstocks are in, but closed with bulkheads, and the generators have never been put in. At the peak of the irrigation season at Wyoming there is a tremendous request for power for pumping purposes in south Idaho. This dam has been observed to have at least 170,000 horsepower of waterfall going to waste over the dam without any generators there.

The Bureau has had to go ahead anyway with projects mentioned above and has had to take the power from their other plants, causing shortages elsewhere. Burns Creek will help relieve these shortages, and restore some of the power it took to help these projects.

The only objections which we have heard raised to the Burns Creek project have been by the Utah Power & Light Co., the Coal Miners' Union, the Coal Operators Association, and the town of Kemmerer, Wyo. The objections of all these people are to the effect and based on the same assumption that if Burns Creek is built and the block of resultant power is made available in the Utah Power & Light Co.'s area it will reduce the amount of power that they can or will produce at a proposed steamplant located at Kemmerer, Wyo.

This is a false assumption as we will now demonstrate.

Mr. Chairman, I have with me a map which I prepared of this area that I thought might be helpful to the members of the committee to establish in their mind just where this project is in relation to Kemmerer and where the cooperatives and municipalities are that I mentioned that will use this power. Would it be possible for the members of the committee to see how this map is located here?

To begin with, this is a map prepared by the Power Department of the Bonneville Power Administration, showing the transmission grid in the Northwest. It lent itself to this purpose very nicely because it shows the transmission line in the area in which these cooperatives and municipalities are located, as well as the sites of Burns Creek and Kemmerer plant.

These colored areas represent the areas in the cooperatives and municipal systems around this immediate area. This is southeast Idaho, this is Wyoming, and this is Utah. The dark shaded area represents the area served generally by the Utah Power & Light Co.

Burns Creek is right here where this red square is on the Snake River, just below Palisades.

As you can see, here is the Lower Valley Power & Light, Vigilante Co-op, Lost River Co-op, Sperry Power Co., Raft River Co-op, and here is the very high productive area in Cassia and Minidoka Counties which has some 13 municipal and municipal-cooperative type electric distributors.

Nearly all of these people got started in business about 45 to 50 years ago, distributing power out of one of the first projects in Idaho which is the Minidoka Dam, right there. That dam has made possible this whole high productive area which is very rich with potatoes and beans and that type of crop.

Here in Wyoming is where the Kemmerer coal plant will be located. As you can see, if you knew the topography of this country, too, it is 150 airline miles across from Kemmerer up to Burns Creek site in a very rough, almost uninhabited part of the country, mountainous, and very sparsely settled.

The plans which are shown in a report of the Utah Power & Light Co. and the Colorado River storage project on which they propose transmission, the transmission from Kemmerer will come down this way into Ogden plant. So it will be 230 transmission line miles to get the power back up as far as Burns Creek. I would like to call attention to the blue square right here, situated 30 miles or so from Burns Creek, is the city of Idaho Falls, a city of some 40,000 people who have a great demand for electric power to support this growing population, due to the Government atomic project.

The power produced at Burns Creek will not be available to Utah Power & Light Co. The preference type users will have first call on the power at Burns Creek and they can use all the power generated there except the dump. The Utah Power & Light Co. will have to have steam generation available to firm the dump, otherwise they cannot buy even that, because the Bureau of Reclamation has the policy if you buy their dump power you must have some other source of power which is dependable at all times to back it up, otherwise you can't buy their dump.

The preference-type power users in southern and eastern Idaho can and will use all of Burns Creek power when it is available to them.

These users have been scrambling for enough power to meet their demands for over 4 years. Some of them have denied power to new loads because they didn't have it. They were going to go over their contracts with the Bureau and we all got penalized for doing that in 1956 and some of the cases of that were city of Burley and Unity Power & Light Co. which is near Burley.

At this point in my statement, I have included a table which is too long to go into here, but which shows by a little comparison that we obtained a block of power, some 30,000 kilowats for this area largely through a renegotiation of contracts between the Bureau and Idaho Power Co. last summer and this block of 30,000 was immediately oversubscribed by some 11,000 for firm power and some 19,000 for seasonal pumping power.

The 1964 requests which were drawn up very carefully by two independent sources showed there that we could have used 94,000 kilowatts by 1964, so we will be quite short.

(Table referred to follows:)

[Kilowatts]

Customer	Present contract	1958 peak	1964 requested load	Total available without Burns Creek
Village of Albion	310	296	536	535
Village of Declo	170	224	360	360
East End Mutual	440	408	614	610
Farmers Mutual	240	207	276	280
Village of Heyburn	440	500	3,800	3,100
Lost River Co-op	4,100	2,167	4,685	4,400
Village of Minidoka	200	134	147	200
Riverside Mutual	390	320	480	480
Prairie Power Co-op	250	437	825	675
Walcott Mutual	130	118	190	190
City of Burley	5,900	5,000	8,000	7,270
City of Idaho Falls	16,000	14,914	24,900	22,600
Lower Valley Co-op	2,300	2,940	5,900	5,420
Village of Paul	1,150	1,248	2,020	1,620
City of Rupert	4,000	3,500	4,799	4,640
Unity Power Mutual	1,990	1,772	2,304	2,300
Fall River Co-op	3,100	2,950	6,800	5,190
Raft River Co-op	7,000	9,972	21,998	17,800
Rural Electric Co-op	1,800	1,468	3,400	2,400
South Side Mutual	1,900	1,374	2,501	1,930
Total	51,810	49,949	94,535	82,000

NOTE.—1959 peak 54,546 kilowatts (breakdown by customer not available).

Mr. SCHLENDER. This year they obtained a small block of 30,000 kilowatts, largely through the efforts of the Snake River Power Association and immediately it was oversubscribed by 11,000 kilowatts of firm power and 19,000 kilowatts of seasonal firm.

At the present time we feel that our members have enough power to supply us until 1962 or possibly 1963.

By 1965, which is the estimated completion date for Burns Creek, we will need an additional 15,000 kilowatts, which is equal to the output of the first unit. There I refer you to the chart entitled "Chart A" (see p. 145) which gives a projection of the power we can use up until, I believe, the year 1971 or 1972.

By 1970 we will require an additional 35,000 which will equal the Bureau's entire output including Burns Creek.

Since all the objections have therefore been based on a false assumption this destroys their whole argument.

I would like to say here we do not come here saying that we consider that the Federal Power Co. should be responsible to serve us with power and should build plants to do that. However, we do say—first we merely wish to show you that when this project is built we can and will use all of that power to a good advantage. And we do say that when we have a great resource like this river in Idaho, which should be developed for the maximum purpose of water and power, we think the benefits then, of the development of power, should go to the people.

If the Utah Power & Light Co. were to assume that if Burns Creek were not built, the preference users in Idaho would be forced to buy additional power requirements from them; this is also a false assumption. Most of the preference users are not located anywhere near the Utah Power & Light Co. service area, and even if they were, the bulk of the load growth as projected on the accompanying chart, would not develop because the company's rates are too high. Much of the load growth in our area is due to irrigation by deep well pumping. It has been shown in the past that this type of development is not feasible with the cost of power under the company's wholesale rates.

As a prime example, take the case of my own cooperative, the Raft River Electric Cooperative of Malta, Idaho. (This is the largest irrigation type user of our group. We sold 23,533,657 kilowatts in 1959 for irrigation from a total sales of 28,106,069.)

This cooperative now pays a wholesale rate of about 4.5 mills for pumping power from the Bureau of Reclamation.

Utah Power & Light Co.'s wholesale rate to us would be about 10 mills. Our present costs for water per acre to the farmer is about $8 per acre. If we had to buy Utah Power & Light Co. power the cost per acre would be about $13 an acre. This is beyond the economic limit for our area.

For the above reasons we are of the firm opinion that Burns Creek project will not interfere with the production at the Kemmerer plant. In fact, we believe that it will enhance the value of the steam plant.

Thermal power is no substitute for hydroelectric power.

To burn up our dwindling, nonreplaceable resources while water falls unchecked to the sea is a fundamental waste of assets.

When the Burns Creek project is completed, we will have invested (not spent) in America's future and all the money we have invested will be back in the pockets of industry and labor. The dam of concrete and the generators of steel and copper will be there providing new industry and new labor for generations to come.

We sincerely urge that you favorably report this project.

Mr. ROGERS. Mr. Schlender, I have one question before I recognize other members of the committee.

What would be your thinking on the proposition of this project, if it were approved, being required to be paid out under general reclamation law and policies at the present time?

Mr. SCHLENDER. If it was approved to pay out under the general policies?

Mr. ROGERS. Yes.

Mr. SCHLENDER. I am of the very firm opinion from my examination of all of the reports that have been made that it is proved to pay out under general reclamation law.

Mr. ROGERS. That question brings up this one: would you be willing to hinge the feasibility or nonfeasibility of the project on the answer to that question?

Mr. SCHLENDER. Perhaps I didn't understand your first question, I am sorry.

Mr. ROGERS. The question is simply this: if this project is feasible then are you assuming it can be paid out under general reclamation law and policies at the present time without making any compensations at all?

Mr. SCHLENDER. Oh, yes, very definitely.

Mr. ROGERS. The gentlewoman from Idaho?

Mrs. PFOST. Mr. Chairman, I just want to compliment Mr. Schlender for a very able statement. I appreciate particularly the table you provided, Mr. Schlender, on page 4 of your statement. There is one question I want to ask about in this last column, "Total available without Burns Creek."

Is that from Palisades or what do you mean by this one column?

Mr. SCHLENDER. First of all, this is the total available from all of the Bureau's plants including Palisades, without Burns Creek. Now, the reason why I showed that over there is because we got an additional 30,000 kilowatts last summer which as yet has not been allocated to us by contracts from the Bureau. I understand they are probably in the mail at about this time.

Our present contracts right, at this time, then are 51,810, that is the first column. That is all the Bureau has contracted to the customers in Idaho. Our peak in 1958 was 49.9 and in 1959 it was 54.5 which shows in 1959 at the present time we are over our contracts with the Bureau.

As you will notice on the chart, in the back here, I didn't project my line high enough that in 1959 I had it somewhere down around 50 and I think I should have it up about 54, which shows you never can estimate these electric loads high enough in the future, it seems.

When we had this meeting to allocate the extra 30,000 the customers asked for 94, but adding the 30,000, we had to the 51 over here, in our present contracts, we came up with the 82, the total available that the Bureau now has, without Burns Creek.

Mrs. PFOST. And you have 30,000 under negotiation at the present time?

Mr. SCHLENDER. Yes, but that is included in the 82,000 figure.

Mrs. PFOST. You say that most of the preference users are not located anywhere near the Utah Power & Light Co. service area. Does this mean that if you do not have the additional Burns Creek power that Utah Power & Light Co. will probably not have power available to your cooperatives?

Mr. SCHLENDER. That is right. The bulk of the customers are in Burley, down there near that large blue area on the map which is quite far removed from the Utah Power & Light area. And we would have no way of buying power from Utah Power & Light if we didn't get it somewhere else. We would very likely have to buy from Idaho Power. They are the closest to us. I might point out that their power is about the same cost as Utah Power & Light. We have investigated and negotiated with them on that and we cannot afford to buy their power either. So at this present time, Bonneville has a large amount of power going to waste over there. The lines are tied in from the

Bonneville system right through. We don't know, but what the kilowatts we are using right now might be coming from Bonneville for that matter. We feel then our only hope would be to get Bonneville power wheeled over which, of course, up to this time, Idaho Power has refused to do. We think if we get hard enough pressed perhaps some type of arrangement could be made on that.

However, it looks pretty dim right now.

Mrs. PFOST. Do you have any idea what the price would be if Idaho Power were to wheel it?

Mr. SCHLENDER. It would probably be nearly to the same order of price we now pay the Bureau because Bonneville's rates are substantially lower to begin with than the Bureau's and if we add the wheeling, it should make it about comparable with our price from the Bureau.

Mrs. PFOST. Thank you.

Mr. ROGERS. The gentleman from Pennsylvania, Mr. Saylor?

Mr. SAYLOR. Mr. Schlender, I am rather in the position with regard to your statement that Mr. Aspinall found himself in with regard to the witness that just preceded you. You have reached up into the blue and taken some statements and put them down here and I would like to call your attention to a paragraph on page 5.

Since all objections, have, therefore, been based on a false assumption, this destroys their whole argument.

Now what objection and what false assumptions?

Mr. SCHLENDER. The objections that have been raised by the Utah Power & Light Co. are that this power would be dumped in their service area, would displace power that they might be producing at Kemmerer and, therefore, was not needed, that there was plenty of power in the area, and that it would cut down the use of the Kemmerer plant and put a lot of miners out of work.

Those are the chief objections that they have had, and we have shown here that we can use this power in an area in which they cannot serve. Therefore, their whole assumption that this power dumped in their area will put the steamplant out of business is not correct.

Mr. SAYLOR. It might be of interest to you to know that there have been a great many other people, besides the Utah Power who have complained about this project, Mr. Schlender, people who live in the area. I had a lot of letters complaining about it from citizens of Idaho who do not like this project and they have not even presented the arguments that you are talking about. Were all of their arguments they have advanced in their letters, to me based on false assumptions?

Mr. SCHLENDER. Mr. Saylor, let me say that I have no knowledge of any——

Mr. SAYLOR. I did not ask you whether or not you have any knowledge. I am telling you.

Mr. SCHLENDER. I refer here in this objection to the objections of the Utah Power & Light Co.

Mr. SAYLOR. That is not what you said. If you want to amend your statement as to say the objections of the Utah Power & Light Co. I have no objection.

Mr. SCHLENDER. That is what I mean.

Mr. ROGERS. Do you want to amend your statement that way, Mr. Schlender?

Mr. SCHLENDER. I would so amend it that way.

Mr. ROGERS. Without objection, it is so ordered.

Mr. SAYLOR. In response to a question by the chairman, Mr. Rogers, you said that you wanted this project to comply with the rules and the laws that are now on the books to pay out within 50 years; is that right?

Mr. SCHLENDER. I do not believe I subscribed to the statement it should be paid out within 50 years.

Mr. SAYLOR. The reclamation law is that there will be a 10-year development period and a 40-year payout period, or 50 years. Do you subscribe to the theory that this project should comply with the reclamation law?

Mr. SCHLENDER. Mr. Chairman, since I am not a lawyer, might I have the privilege of calling my legal counsel to my aid to answer a question of this nature?

Mr. ROGERS. As far as that is concerned, I do not think that is a legal question, Mr. Schlender. It does not involve any specific knowledge of the law. It has only to do with facts. I think a record ought to be made on that. I have no objection, unless there is an objection from the committee, to your conferring with anyone in your organization you would like to confer with.

Mr. SAYLOR. Anyone.

Mr. SCHLENDER. I would like to call Mr. William C. Wise.

Mr. ROGERS. Identify yourself.

Mr. WISE. William C. Wise, special counsel to the Snake River Power Association, Mr. Chairman.

Mr. ROGERS. Have a seat there, Mr. Wise.

Mr. WISE. Mr. Saylor, it is our position that the proposal contained in S. 281 complies fully in all respects with the reclamation laws and policies now in effect. This project has been treated identically by the Bureau of Reclamation as all other projects have been in the past and there is no deviation from that.

Mr. SAYLOR. Mr. Wise, that is not the question I asked. You answer is not responsive. I want to know whether or not the organization which is now testifying, the Snake River Power Association, Inc., subscribes to the reclamation law which is now on the books that projects should be built and given a reasonable 10-year development period and pay out in 40 years afterward.

Mr. WISE. Mr. Saylor, if you please, I would have to differ with you. That is not my understanding of the present law. In this case, the irrigation payments which are repaid by the irrigators follow that procedure to which you refer and which they are required to do by the law. The power revenues also will be paid out within the 50 years. The only question of any revenues extending beyond the 50-year period are the irrigation costs which must be paid out of the power revenues. They will extend here slightly beyond the 50-year period, but it is my understanding that there is nothing in the law or the present policy, which requires those payments to be made within a 50-year period. That is left entirely to the discretion of the Secretary in my understanding of the law.

Mr. SAYLOR. Let me ask you this: This project is 98 percent or 98 percent plus power and the irrigation benefits are 1.7 percent. When do you expect to have the 1.7 percent irrigation benefits paid?

Mr. WISE. Within the 50-year period.

Mr. SAYLOR. Within the 50-year period?

Mr. WISE. Yes, sir.

Mr. SAYLOR. When do you expect to have the 98 percent paid?

Mr. WISE. I am sorry, sir. The part of the irrigation costs which must be repaid by the irrigators will be repaid within the 50-year period. Part of that must be repaid by the irrigators, part of it must come out of power revenues. The part which will be repaid by the irrigators will be repaid in accordance with the law within the 50-year period.

Mr. SAYLOR. What percentage of the project will that amount to?

Mr. WISE. I do not have it by percent, sir. It amounts to a relatively small amount in dollar figures; $775,000 will be repaid by the irrigators.

Mr. SAYLOR. Now, you have heard, or you are familiar with the testimony of the Bureau of Reclamation that this project standing by itself cannot pay out at any time and that it will be necessary for the Palisades project to come to its rescue and pay out the carrying charges.

In other words, the project cannot even pay the interest.

Mr. WISE. If I may respectfully disagree, Mr. Saylor, there is no such testimony by the Bureau of Reclamation. The testimony by the Bureau of Reclamation, as I heard it, is this: This project always has been intended to be, has always been proposed to be, and will be integrated electrically, financially, and hydraulically with the Palisades project. The Palisades project, instead of being a lemon is an excellent dollar and cents investment for the U.S. Government. It will earn a net revenue per year of approximately $1,147,000. By adding Burns Creek to the Palisades project, the revenues will be doubled and the net revenues to the Government now will be $2,294,800. Within a few hundred dollars the addition of Burns Creek to Palisades doubles the net revenues. What the Bureau said was that if Burns Creek were to be operated by itself as an isolated project, not tied in with Palisades, the rate which would have to be charged to make it pay out within the time prescribed by law and the Secretary would be higher than the rate that can be charged by combining Palisades and Burns Creek.

No one has ever said that Burns Creek would not pay out. It would require a higher rate and under the law it has to pay out or the project cannot be built.

Mr. SAYLOR. In other words, what you are actually telling this committee is that your organization subscribes to the theory that the Palisades project which was built for the benefit of the water users and, incidentally, to provide some power, will now be robbed of its money, and it will go for the benefit of the city of Burley, the city of Idaho Falls, the city of Delco, village of Paul, city of Ruppert, village of Minidoka, and other towns up there, rather than have this money go to the Bureau of Reclamation.

Mr. WISE. Congressman Saylor, I obviously do not know how to express myself in the English language.

Mr. SAYLOR. That might be very well.

Mr. WISE. That is very true. I attempted to say precisely the opposite of what you have said. I said not what you said, but on the contrary, I said that by putting in Burns Creek, you will earn for the U.S. Government, the amount of roughly $1,147,000 per year, that

you will make double the net income from Palisades without doubling the investment. The investment in Burns Creek will be less than the investment in Palisades, but in spite of that fact, by operating them together this will double the net revenues. Instead of hurting anyone, this will help everyone involved, the taxpayer and irrigator.

Mr. SAYLOR. Mr. Wise, I do not know where you were in 1949, but I was a member of this committee, and we heard the original Palisades testimony, and it has been refreshing, remarkably so, to sit down and review the testimony that was offered by a lot of witnesses from that area in 1949, as to why the Federal Government should build this project.

One of the principal reasons given for it was—and this was subscribed to by many of the people who are now coming along and asking for this project—that there would be a surplus for the reclamation fund within 50 years. In fact, beginning with the year 1990, all of the features of the Palisades would have been paid out, and there would be an increasing fund for the use of irrigators in the district and in the rest of the West. So that in this 50-year period, 10-year development, and 40-year payout, at the end of that time, there would have been almost $31 million for the use of the irrigators of that system, not the townspeople who were worried about their light bills, but a true reclamation project. And now, you people are coming back here, 11 years later, and saying that that $30 million should be done away with and be used not for the benefit of the irrigators, but be used for the benefit of the people that live in these various towns.

Now, what has happened out there in that community in the meantime?

Mr. WISE. As far as I know, Congressman Saylor, nothing has happened and we are certainly not intending to say that at all—what you have said. We are saying by doing this, you will benefit the irrigators to a much larger extent because after all the costs of this project are paid off you are going to have net revenues accruing to the benefit of the Government to use as Congress determines. Unfortunately, or fortunately, depending upon how you look at it, there is no irrigation account in this area. These moneys all go back to the U.S. Treasury so they do not get applied to the irrigators. The people of this area hope Congress sees fit when the profits come in they will be used for the benefit of the farmers of the area, but we have no assurance of that, the law does not require it. We are saying now exactly what those of us who were here 11 years ago said. We want this for the benefit of the irrigators and other residents of that area. We say this project will benefit them, and benefit—dollarwise and centswise—in the long run the Federal taxpayers and the Federal Treasury and the project itself, as Mr. Schlender has pointed out will directly benefit the irrigators, make 100,000 acre-feet of storage available to them.

We will have a number of witnesses here, all of whom use that water and have put in applications for it. It has been oversubscribed by more than 40 percent already. The demand for the project is unanimous out there. It will also help the irrigation by making cheaper power available for pumping in the higher area which Mrs. Pfost referred to in questioning one of the witnesses, which could not be pumped under the rates charged by the Utah Power Co., or could not be pumped if the preference customers put in their own generating

plant. They simply could not obtain a low enough cost of power to make that pumping possible.

Mr. SAYLOR. Do you mean to stand before this committee and tell us there is nobody in that area that has been described by Mr. Schlender, that is using anything but public power to pump water?

Mr. WISE. I mean to say this—that the rates——

Mr. SAYLOR. Answer the question, yes or no.

Mr. WISE. I believe there are some customers not in the Utah Power & Light Co. area, but in the Idaho Power Co. area maybe, who are receiving power from them for pumping but I do not believe it is as costly a pumping as will be needed for these other people.

The irrigators will tell you, every one of them, they cannot afford to pay the rates which must be paid to Utah Power & Light Co. to do the pumping in the higher areas. The answer to that is definitely yes, sir.

Mr. ROGERS. Will the gentleman yield?

Mr. SAYLOR. Yes, sir.

Mr. ROGERS. Mr. Wise, there is one thing I want to get straight in my own mind. Do I understand you to say it is the general philosophy of your organization that these projects, whether you go ahead and build Burns Creek or whether you just keep Palisades, whatever profits come into this situation out of the project that is built ought to be plowed back in for the benefit of the irrigators in that area?

Mr. WISE. I have not been authorized by the association to say that. It is my feeling that certainly the irrigators would like to see that happen.

Mr. ROGERS. I am not talking about what they would feel like, but is it your philosophy that whatever profit is made out of one of the reclamation projects ought to be plowed back into the area which is served by it?

Mr. WISE. I have not thought of that personally as a philosophical question, Mr. Chairman, so I am not in a position to answer it. I do believe my clients would feel that way, definitely. But they have not instructed me to so testify. But, as Congressman Saylor pointed out, that argument was made in 1949. However, Congress did not see fit to set up a fund to carry that out. You might or might not do that after it is paid out. What I would like to emphasize, instead of being a lemon, from a strictly business dollar-and-cents standpoint, this is an excellent investment. It is the same as having a farm——

Mr. ROGERS. Of course, Mr. Wise, what we have done is gotten clear off the track here because Mr. Schlender called you up as his legal adviser and you are taking over.

Mr. WISE. I am very sorry.

Mr. ROGERS. I think we ought to proceed in order, if we can.

Mr. SAYLOR. I will reserve the balance of my time.

Mr. ROGERS. Mr. Hosmer?

Mr. HOSMER. I have heard the term "profits" used here rather frequently in the last 10 minutes. What are you talking about when you are talking about profits?

Mr. WISE. Am I to answer that?

Mr. ROGERS. Is it asked of Mr. Schlender?

Mr. HOSMER. Of Mr. Wise.

Mr. WISE. The Bureau of Reclamation studies show—what I mean, taking all the expenses in accordance with their standard procedures

and paying the interest on those funds which require an interest payment and all the other operating and depreciation expenses, whatever they have—that for the combined project when you add Burns Creek to Palisades, they will have a net revenue of $2,294,800 per year.

Mr. HOSMER. You mean that is what is used to pay back the Government for its investment?

Mr. WISE. Yes, sir.

Mr. HOSMER. That is not in the nature of an increment to the Government; it is in the nature of a payback of what the Government borrowed and put into this thing, is it not?

Mr. WISE. That is correct, sir; but in return for that the Government owns this plant just the same as when you pay up on your house. It is the same.

Mr. HOSMER. That is jolly, but it does not own it until the end of 50 years. If we are talking about profits in the normal sense of the word—profits—we are talking about something that might accrue 50 years hence; is that not the fact?

Mr. WISE. I would not agree with that, but I would agree with this: You are going to have cash to apply to the loan and interest on it until after the 50-some years when it is paid off. Then it is all clear profit that will come into the Government each year and will be double what it would be without Burns Creek. That is my point.

Mr. HOSMER. Right now it is repayment on what the taxpayers of the Nation have put out.

Mr. WISE. That is a profit, sir.

Mr. HOSMER. What?

Mr. WISE. If you pay off on your house, the Federal income people make you treat that as a profit except after allowance for depreciation.

Mr. HOSMER. In other words, you conceive of this whole thing as a business.

Mr. WISE. I say from a business standpoint strictly this is a very good investment.

Mr. HOSMER. Do you want this as a socialistic project or something else?

Mr. WISE. We want this operated on a businesslike basis.

Mr. HOSMER. Will you admit with me that this $2,294,000 the Government is supposed to be putting in its pocket annually from the combined projects is what the Government is owed and is expected to get back from its investment?

Mr. WISE. Until such time as the amount is paid out; yes, sir.

Mr. HOSMER. I will reserve the balance of my time.

Mr. ROGERS. The gentleman from North Dakota?

Mr. HOSMER. May I have one more question?

Mr. BURDICK. I yield.

Mr. HOSMER. Mr. Schlender in his testimony on the second or third page made reference to repayment of the cost with interest of this project. What formula is that based on? Did you know when you were drafting your testimony?

Mr. SCHLENDER. It is under the standard formula as adopted by the Bureau and as recommended or certified to them.

Mr. HOSMER. What standard formula? We have had a number of formulas that have appeared from time to time? Is this the one that was in the Palisades project or one that starts with Burns Creek project or what interest cost formula is contemplated?

Mr. SCHLENDER. This is the formula that the Bureau uses under Circular A–47.

Mr. HOSMER. Is that 3 percent?

Mr. SCHLENDER. I am not sure of the percentage figure they use.

Mr. HOSMER. That does not necessarily recoup to Government the cost of borrowing the money necessarily by the formula worked out from time to time.

Mr. SCHLENDER. I didn't hear you or understand.

Mr. HOSMER. Since the formula is a fixed one and since the cost of borrowing money is erratic the future facts may make it so that the Government actually may not recover the total cost with interest.

Mr. SCHLENDER. That could be true; yes.

Mr. HOSMER. Thank you.

Mr. BURDICK. One of the witnesses earlier today said there was a possibility of, I believe the figure was 600 miners losing their jobs. The output of electricity and power as developed in Burns Creek you said would supply the municipalities and the REA's in the area. Do you know of any plan or intention to invade the area of the Utah Power or Idaho Power territory?

Mr. SCHLENDER. Absolutely none.

Mr. BURDICK. After this is built, the Idaho and Utah Power Co.'s will still have the same territory and same customers?

Mr. SCHLENDER. That is right.

Mr. BURDICK. Then how can 600 miners lose their jobs?

Mr. SCHLENDER. They just can't. There just isn't any way in which this could affect those miners at all as we see it.

Mr. BURDICK. Thank you.

Mr. WISE. Mr. Chairman, may I put in one point more relating to arithmetic?

Mr. ROGERS. In what relation?

Mr. WISE. The 600 miners.

Mr. ROGERS. Yes.

Mr. WISE. The testimony was there are 20,000 man-hours involved. If you divided that figure by 600 you would find each miner was only working 33 hours a year. I think if you check on this, on the basis of a 40-hour week per man, the most this would do would be to give employment to 100 miners. Our testimony is it doesn't affect the employment of miners at all, but at the most it would be 100 rather than 600.

Mr. ROGERS. Thank you.

Let the Chair make this observation. We have some business on the floor. We are going to try to get started again at 2 o'clock and go until about 4 this afternoon. But the Chair does propose to start with the opposition witnesses tomorrow morning. So if the proponents want to rearrange their presentation, they may do so.

Mr. SCHLENDER. Mr. Chairman, I have a number of statements favoring Burns Creek project which, if there is no objection, I would respectfully request they be entered into the record.

Mr. ROGERS. Let me say this: If you will submit those to the staff, the chairman with the ranking minority member will go over those statements and include those appropriate for the record and the others will be included in the file.

(Subsequently the forementioned statements were approved for inclusion in the record.)

EXHIBIT "A"

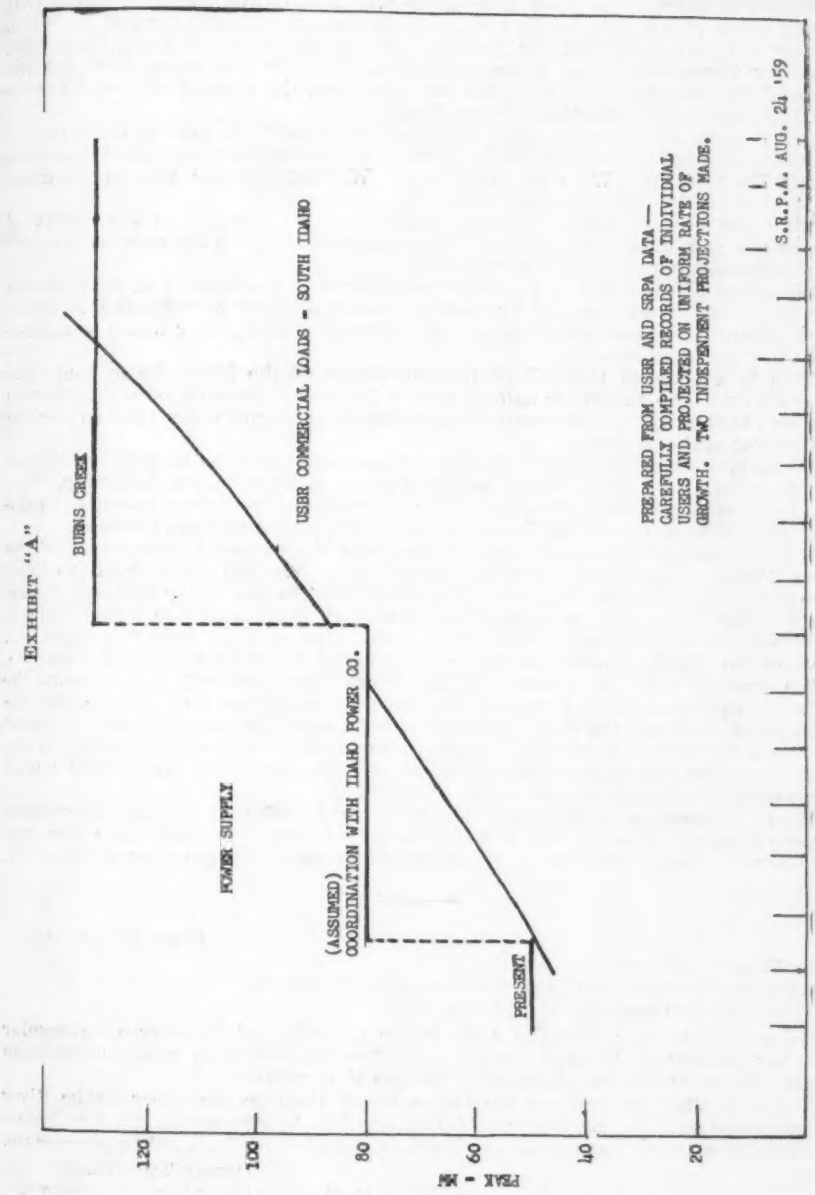
EXHIBIT "A"
BURNS CREEK
USBR COMMERCIAL LOADS - SOUTH IDAHO
POWER SUPPLY
(ASSUMED)
COORDINATION WITH IDAHO POWER CO.
PRESENT
PREPARED FROM USBR AND SRPA DATA —
CAREFULLY COMPILED RECORDS OF INDIVIDUAL
USERS AND PROJECTED ON UNIFORM RATE OF
GROWTH. TWO INDEPENDENT PROJECTIONS MADE.
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STATEMENT OF RURAL ELECTRIC CO.

Mr. Chairman, I am John L. Brog and I represent the Rural Electric Co. as their manager. Our company is a cooperative that was formed in 1917 for distribution of power. At that time there was no private power company that would come in and serve this area. The cities and villages formed their own electrical department and the farmers got together in small groups and built lines for themselves to get power for lights. They bought power from the Bureau of Reclamation and connected onto the lines the Bureau had built for the irrigation pumps for the Minidoka project.

These small groups maintained their own lines until the growth of their load caused a problem of maintenance. Several merged to what we now have in the Rural Electric Co. We also operate the Walcott Electric Co. an electrical department of the village of Heyburn.

With the present rate of growth experienced by our groups our supply of power will run out by 1961 or 1962. The village of Heyburn has orders for power that indicates an early shortage of power.

We are not in position to go to anyone other than the Bureau of Reclamation for additional power as we are taking power directly through the Bureau's transmission lines and substations. Any greater cost of power would be a hardship on our consumers.

This is a problem that all of the consumers of the Minidoka system have in common. The favorable sale of power helps pay the cost of the irrigation projects that might be too costly if they depended on the water user to pay the entire cost of the project.

We have no natural fuel in this area that doesn't have to be piped or hauled for long distances. Our only resource for power generation is waterpower.

As all our fuel costs are high, low cost waterpower is very essential to the economy of the area for our farms and some processing of farm produce.

It is not possible for us to buy power from the proposed steamplant of the Utah Power & Light Co. as we are more than a hundred miles from the Utah Power & Light Co. lines and about 300 miles from the site of the Kemmer steamplant. The losses, cost of right-of-way, and cost of transmission would make it unfeasible to build lines to the transmission line of Utah Power & Light Co. None of the Minidoka users are in the service area of the Utah Power & Light Co.

We strongly urge the passage of the Burns Creek project as it is about the only multipurpose project left in this area. I don't see how anyone but the Bureau of Reclamation could build this and benefit the most people. It could not be done without the benefit to the water users or without the power as the cost would be too high to the water users. The sale of power would pay a large part of the construction costs.

We are a member of the Snake River Power Association and as its president I have reviewed almost every conceivable way to get more power into this area of power shortage. The Burns Creek project is one of the most beneficial of all.

FEBRUARY 10, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We, the Raft River Chamber of Commerce, in regular meeting assembled, do hereby adopt the following resolution upon motion made by Cecil E. Williams and seconded by Golden F. Gardiner:

Resolved, That we endorse the Burns Creek Dam on the upper Snake River as recommended by the Bureau of Reclamation to reregulate the flow immediately downstream from Palisades Dam as provided for in S. 281 by the Senate.

J. HENRY THOMPSON,
President, Raft River Chamber of Commerce.

FEBRUARY 9, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We endorse the Burns Creek Dam on the upper Snake River as recommended by the Bureau of Reclamation to reregulate the flow immediately downstream from Palisades Dam as provided for in S. 281 as passed by the Senate.

JOHN M. LOCKLIER,
Chairman, Village Board of Malta.

JANUARY 28, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: The following resolution was duly adopted by the members of the Idaho Cooperative Utilities Association, Inc., in session at their annual meeting held December 11, 1959, at Boise, Idaho:

"*Resolved*, That we endorse the Burns Creek Dam on the upper Snake River as recommended by the Bureau of Reclamation to reregulate the flow immediately downstream from Palisades Dam as provided for in S. 281 as passed by the Senate."

EDWIN C. SCHLENDER,
Secretary, Idaho Cooperative Utilities Association.

FEBRUARY 9, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We endorse the Burns Creek Dam on the upper Snake River as recommended by the Bureau of Reclamation to reregulate the flow immediately downstream from Palisades Dam as provided for in S. 281 as passed by the Senate.

GENE BAXTER, *Secretary, Malta Lions Club.*

FEBRUARY 9, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We endorse the Burns Creek Dam on the upper Snake River as recommended by the Bureau of Reclamation to reregulate the flow immediately downstream from Palisades Dam as provided for in S. 281 as passed by the Senate.

ALLEN SEXTON,
Master, Raft River Grange No. 306.

MINIDOKA COUNTY PAMONA GRANGE,
Rupert, Idaho.

Hon. WALTER ROGERS,
Chairman of Subcommittee, Irrigation and Reclamation:

The Minidoka County Pamona Grange has gone on record favoring passage of S 281, the Burns Creek project in southern Idaho for the following reasons:

1. Additional regulation and increased storage of water which will directly benefit this area.

2. Power generated will help reduce the power shortage we are faced with in the immediate future, and would assist in repayment of the project.

Very truly yours,

THOS. E. MABERLY, *Master.*
CLAUDE E. BOWMAN, *Secretary.*

RIGBY, IDAHO, *February 9, 1960.*

HON. WALTER ROGERS,
Chairman of Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR SIR: We endorse Senate bill 281 as proposed by Bureau of Reclamation as pertaining to Burns Creek Dam.

We are vitally interested in this project due to the fluctuation of the river below Palisades Dam. It has a tendency to raise and lower the water level at our canal regulating gates.

Our canal water system has reached its capacity and we are in need of excess water in order to develop the remaining acreage under the system. We feel that Burns Creek Dam will offer us the necessary storage.

Very truly yours,

BUTLER ISLAND CANAL CO.,
J. ARLO MOSS, *President.*
RALPH O. LOUNSBURG,
Secretary-Treasurer.

Mr. SCHLENDER. All right, sir.

Mr. ROGERS. The committee will stand adjourned until 2 p.m.

(Whereupon, at 12 noon, the committee was recessed, to reconvene at 2 p.m., the same day.)

AFTER RECESS

The subcommittee reconvened at 2 p.m., Hon. Walter Rogers, chairman of the subcommittee, presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for the further consideration of the pending bills.

I believe we had finished with Mr. Schlender. The next witness appears to be the Honorable Leonard Salmon, mayor of Burley, Idaho.

Mr. Mayor, if you will come forward, we will recognize you.

STATEMENT OF HON. J. L. SALMON, MAYOR OF THE CITY OF BURLEY, IDAHO

Mr. SALMON. Mr. Chairman and members of the committee, my name is Leonard Salmon. I am the mayor of Burley, Idaho. I have a statement for the record.

Before I start with my statement, I would like to make just a brief explanation so far as the city of Burley is concerned, and the immediate vicinity thereof.

The city of Burley has been purchasing power from the U.S. Government through the Bureau of Reclamation for more than 50 years. The reason that the city had their own electric department is because at the beginning, no private company felt that it was feasible to serve the city of Burley with electricity.

One other point I would like to make before we start is this: The question was raised this morning, I think, regarding public power being used for irrigation. This also has been in practice in our area for more than 50 years.

At the time the project was first started, the Minidoka Dam was erected to supply water to this project. It was necessary to raise this water 90 feet to get it onto the land. This was done at three lifts, approximately 30 feet each.

The power from the Minidoka Dam supplies the power for this, and it is still doing that today. In spite of the lifts, the original cost of the Minidoka Dam has been repaid to the Federal Government with interest. The power has been used continually to the pump water onto the land for irriagtion.

Mr. ROGERS. Mr. Mayor, do you own your own distribution facilities in Burley?

Mr. SALMON. Yes, sir; the city of Burley owns their own distribution system and purchases the power from the Bureau of Reclamation.

Mr. ROGERS. What do you charge your residential customers?

Mr. SALMON. I do not know if I am qualified to give you all the charges. They are on a graduated scale. The first 100 kilowatts of power is at a higher rate than the additional.

Mr. ROGERS. Yes; I understand. What is your first 100 kilowatts?

Mr. SALMON. The first 100 kilowatts is, I think, 1.75 cents.

Mr. ROGERS. That is to the consumer, to the resident?

Mr. SALMON. Yes.

Mr. ROGERS. Do you make a profit out of that municipal operation each year?

Mr. SALMON. Yes, sir; there is a profit which is passed on to the citizens in the way of lower taxes.

Mr. ROGERS. I understand that. I mean do you operate your city on part of the revenue from this municipal system?

Mr. SALMON. Yes; that is correct.

Mr. ROGERS. You may proceed with your statement, Mr. Mayor.

Mr. SALMON. The city of Burley is located on the south bank of the Snake River in the south central part of the State of Idaho, in Cassia County, with a population of approximately 8,000 people, and is the center for trade purposes of approximately 30,000 people.

It is approximately equal distance between Salt Lake City and Boise, and is at the junction of the two new proposed transcontinental highways, one coming north from Salt Lake City and the other coming west from Pocatello.

The city of Burley is one of many municipalities which buys electricity directly from the Federal Government in Idaho. Burley is presently enjoying an industrial growth consisting of one corrugated paper container plant which has doubled its capacity within 1 year after being established, as well as food processing plants, and refrigerated storage warehouses. Shelley processing plant, which processes potatoes, has made three major additions to the plant within the last 3 years.

We also have near Burley the Idaho Potato Processors, as well as Simplot, who is constructing a new plant across the river in Heyburn. Also, Ore-Ida, another corporation, is contemplating the construction of a potato processing plant near Burley.

This is not considered boom growth, but is steady, natural, healthy, growth of the city. With these new plants being established, new housing and new retail businesses will be established within the city to accommodate the increase in population.

Burley is also dependent directly or indirectly on the vast agricultural development which is now taking place on both sides of the Snake River in Cassia as well as Minidoka County. Since I last appeared before this committee, Burley has annexed over 200 acres of

land for residential purposes, and this summer there will have been completed in Burley a three-quarter of a million dollar new county hospital.

Building will start this spring on a half-million dollar new elementary school building. The city has recently completed a $65,000 new public library.

These are facts—things that are actually happening in Burley—and the growth in the future is just as bright. This means, of course, that if Burley is to continue to grow and to serve the people, it must also have an adequate source of electricity to take care of the influx of population and the new industries wishing to be established here.

At the present time our proposed contract with the Bureau provides a maximum of 7,200 kilowatts demand in the summer and 9,300 kilowatts in the winter. A few weeks ago our power use hit 7,000 kilowatts demand, which was an 11 percent increase over the prior year.

To meet this growth, it is absolutely necessary that the city of Burley have a firm power supply, rather than interruptible or peaking power. The Bureau of Reclamation informs us that at the present time all the available power which they have for sale on a firm basis has been contracted for and that they have none left to meet the future growth of this area.

The presently existing plant at Palisades furnishes only summertime power to this area, and the need is now for the development of prime power for our use during the entire year. All the prime power that would be developed at the new Burns Creek project could be used by the preference customers now using Government-produced power and would not in any way infringe upon the territory now served by the private utilities in the adjacent areas.

The new Burns Creek project is truly multipurpose. Irrigation and water is the lifeblood of Idaho, but not all water comes from the Snake River in our area. Presently, there is more water being pumped from deep wells to irrigate land in Cassia and Minidoka Counties than is being diverted from the Snake River through Milner and Minidoka Dams.

An economic pumping unit is only possible through low-cost power, and the new reregulation dam at Burns Creek will add tremendously to the power source for the future development of irrigation from subterranean water in our area.

Furthermore, the power generated at the Government plants in Idaho is used to pump the water that is actually diverted from the Snake River. At Minidoka Dam it is necessary to lift the water 90 feet in order to irrigate some 40,000 acres on the south side, and at Milner Dam it is necessary to pump water to irrigate both the north side and the south side.

The only gravity diversion from the two dams is on the north side in the Rupert area; therefore, power is essential for the developing of the irrigation potential of the West. This power will certainly serve irrigation just as well as the additional storage afforded in the reservoir above the Burns Creek Dam.

As noted from the postcard photograph attached to this statement, one can see that the Burley area is right on the edge of the Snake River and that a 10-foot flood crest in the river would completely

cover the city of Burley. Consequently, the new Burns Creek proposal also can serve to increase flood control and lessen the flood threat upon the Snake River.

(The photograph referred to can be found in the files of the Committee.)

Mr. SALMON. The information given on charts previously presented in testimony before this committee have proven themselves substantially correct for 1958–59, and we expect future years to show the same trend. From this one can readily see that there is a growing power need for the city of Burley in the not too distant future, probably before Burns Creek is built, provided the same was started this summer.

It appears to me, as mayor of the city of Burley, that our only adequate and economical source of power for distribution in our area is from the Federal Government, and for them to be able to supply the added power it is absolutely essential that the Burns Creek project be approved and started immediately.

It is significant to note that Minidoka Dam and the powerplant which was built in the early 1900's from Federal funds has been completely paid out with interest, and the dam and powerplant are now self-supporting.

The Federal Government has been completely reimbursed, and the same could be true of Burns Creek or Palisades, so that in the long run we are not asking for any Federal handouts, but rather a loan which the users in this area could repay to the Federal Government with interest, provided the project is built.

We respectfully urge that this committee approve the Burns Creek project and recommend to Congress that the same be passed and appropriations made that the project may be commenced immediately.

Mr. ROGERS. Thank you, Mr. Mayor.

The Chair recognizes the gentlewoman from Idaho, Mrs. Pfost.

Mrs. PFOST. Thank you, Mr. Chairman.

I want to compliment Mayor Salmon for a fine statement. Mayor Salmon, I am always impressed with the steady industrial growth made in your community. My husband and I drive through Burley each year on our way home from the Nation's Capital, and it is a joy to see the new potato factories and other industry that have sprung up as a result of the irrigation of the productive soil surrounding Burley.

Certainly you are in a favored position because you have low-cost power that most of us in Idaho have not been able to enjoy.

Mr. SALMON. Thank you.

Mrs. PFOST. That is all, Mr. Chairman.

Mr. ROGERS. The Chair recognizes the gentleman from Pennsylvania, Mr. Saylor.

Mr. SAYLOR. Mayor, I join with Mrs. Pfost in welcoming you back to the committee. It seems this is becoming an annual affair. I think if I recall correctly, 2 years ago you said you thought it was necessary to justify your appearance back here. I can tell you that you can go back and tell the chamber of commerce and the city council that sent you back here that you are a great proponent for the area and, if they get nothing else out of this, the advertisement that you give to the city of Burley should more than offset your expenses in coming back here.

I am interested in this statement that you have. I am delighted to know that the town of Burley is growing. I know I would not want to find your town differing from other towns in your area out there in the West, being stifled, kept down, not being allowed to grow.

I see that you have taken in some additional land out there. There is probably some other acreage around there that you would like to get into the city of Burley; is there not?

Mr. SALMON. Well, that is right.

Mr. SAYLOR. On page 2 of your statement, down near the end, you call it a reregulation reservoir. What do you mean by that?

Mr. SALMON. What it means to me is that the dam could be operated in conjunction with Palisades. We have a peak in our area, say at the noon hour when everybody starts to cook their meal; they draw heavily on the electric energy. In order to supply this, of course, more water would have to be run through the dam to generate this additional electricity.

That could be done at Palisades, and Burns Creek could collect the water so that it would not be wasted and go on to the ocean, being used by no one. That is what I refer to as a reregulating dam.

Mr. SAYLOR. How many dams are there downstream below Palisades? You do not mean to tell this committee or try to have this committee go under the impression that there are no other dams between Palisades and the ocean?

Mr. SALMON. No, sir; I do not. But those dams are filled each year and this is an additional 100,000 acre-feet that we do not have now which could be stored.

Mr. SAYLOR. The reason I am asking these questions is that when the Bureau submitted its original plan, they talked about a reregulating reservoir, they talked about a settling basin of 17,000 acre-feet, so that they could operate Palisades at full capacity. They called that a reregulating reservoir.

If you are going to have your power facilities at Burns Creek, are you not going to have another settling basin down below; aren't you going to have to have another one down there to get this capacity that we are talking about?

The Bureau will run the water through the turbines in the Palisades and then run it through below. Then we have to take care of these irrigators. I heard all of these people put up the tremendous cries that we couldn't operate Palisades at capacity because it would affect the irrigators.

I don't want anybody to come along and build this dam without taking care of the irrigators. The record is replete with the testimony from witnesses out there that we had to take care of the irrigators. That is why these dams were built.

I want to know if in a few years we have to have another dam built below Burns Creek to regulate and to take care of the irrigators.

Mr. SALMON. We cannot foresee what the demands will be even a few years ahead, I don't think, in our area. So it may be necessary that another dam would be considered.

Mr. SAYLOR. What kind of a dam—a regulating dam or a power dam?

Mr. SALMON. Well, a dam, I would say, that would meet the needs of the time would be contemplated.

Mr. SAYLOR. But this worry that the people had when they came back 3 years ago and talked about the reregulation reservoir to take care of Palisades, that seems to have disappeared, Mayor. I have not heard anybody mention that yet. I have not heard of anybody being interested in taking care of the irrigator.

This seems to be now a question of power, a pure question of power. Isn't anybody in your area out there interested in taking care of the irrigator?

Mr. SALMON. Yes, sir. Every one of us is interested in taking care of the irrigators, because we owe our very existence to the irrigators.

Mr. SAYLOR. If that is the case, why aren't you satisfied with a settling basin of 17,000 acre-feet that would allow you to run Palisades to full capacity to get this peaking?

Mr. SALMON. That I do not believe I am qualified to answer, why they are not satisfied. But personally, I feel that it would be a mistake not to put the powerplant on Burns Creek.

Mrs. PFOST. Will the gentleman yield?

Mr. SAYLOR. I will be happy to yield.

Mrs. PFOST. Is it not true, Mayor Salmon, that the power generated at Burns Creek will be used to irrigate the higher lands that could not be irrigated by gravity flow?

Mr. SALMON. That is correct.

Mrs. PFOST. In other words, the power generation will go beyond just being a power project, it will provide irrigation well pumping for the surrounding area?

Mr. SALMON. That is correct. I tried to point out in the beginning how closely related power and irrigation is in our particular area. It just seems that you can't have one without the other.

Mrs. PFOST. I thank the gentleman for yielding.

Mr. SAYLOR. Mayor, on page 3, the last sentence of your second paragraph, there comes something that is astounding, in view of the record. That is the sentence that says—

Consequently the new Burns Creek proposal can also serve to increase flood control and lessen the flood threat on the Snake River.

Mayor, in view of the fact that the Bureau of Reclamation has proposed to build this project and they have not allocated a penny to flood control, where did you get this idea that this dam was going to benefit you by flood control? I think that comes as a complete surprise to even the Bureau people.

Mr. SALMON. Would you look at the photograph I have on the last page?

Mr. SAYLOR. I looked at that photograph, but that doesn't answer my question. I want to know where you got the idea of flood control.

Mr. SALMON. That brings me to the point. You will see how near the level of the land the river is, and not only Burns Creek, but all the other dams above Burley, have a tendency to lessen the danger of flood in our area. A 10-foot rise in the river right there would flood the city.

Mr. SAYLOR. Does it not seem strange to you, Mayor, that if there was any possible flood control benefit that could come to Burley or anybody else on the Snake River from the erection of this Burns Creek project that the Bureau or the Army Engineers would have

taken it into consideration and charged off a portion of the cost of this to flood control as they are authorized by law to do?

If it would have had the effect of saving a quart, they would do that. The reason I ask you is because we have had some other cases where there was very, very little evidence of any flood control benefit, and we found a pretty good-sized chunk charged off.

Here is a project where the Bureau has not come in and charged anything to flood control.

Mr. SALMON. Sir, I did not indicate in my statement, I do not think, that any of the cost of the dam could be charged off. But it does give my particular city a little more assurance that we would be protected from the danger of flood.

Mr. SAYLOR. I wish I could follow you. I know that there are some people down at the Bureau who would love to be able to follow you. If they could follow you even a little bit, they would charge a portion of this cost, instead of charging it all to power, they would charge it to flood control, which was not reimbursable.

They would do anything to try to make this a better project. Maybe you better confer with them. They might need you in the Bureau.

Am I correct in your original statement that you said you get all of the power for your city from the Federal Government?

Mr. SALMON. That is correct.

Mr. SAYLOR. Am I correct in my understanding that you now have 7,200 kilowatts for the summer and 9,300 kilowatts assigned to you in the winter?

Mr. SALMON. Yes, sir.

Mr. SAYLOR. And one of the reasons that you are back here is that several weeks ago your power use in the city consumed at the rate of 7,000 kilowatts?

Mr. SALMON. That is right.

Mr. SAYLOR. Mayor, let us just imagine that this project is not going to be built, that there is no more Federal power. Where will the city of Burley get its power?

Mr. SALMON. We will have to seek elsewhere for power and get it wherever it is available.

Mr. SAYLOR. Is there power available in that area to you?

Mr. SALMON. There is probably power that would be available if we could afford it presently.

Mr. SAYLOR. If you could not afford it, do you mean to tell me that the growth of this community is going to stop?

Mr. SALMON. I hope not.

Mr. SAYLOR. The Idaho Power Co. serves some other municipalities in the State of Idaho, does it not?

Mr. SALMON. Yes, sir.

Mr. SAYLOR. The Idaho Power Co. is under the jurisdiction of the Power Commission of the State of Idaho, is it not?

Mr. SALMON. That is right.

Mr. SAYLOR. And its rates are regulated by a group of Idaho citizens, the same as you. People that operate the Public Power Commission in the State of Idaho are citizens of that State, are they not?

Mr. SALMON. That is right.

Mr. SAYLOR. Have you ever heard it said that those people were opposed to the growth of Idaho?

Mr. SALMON. No; I have not.

Mr. SAYLOR. Have you ever heard it said that those people permitted the Idaho Power Co. or any other power company serving the needs of the people of Idaho to charge rates which are excessive?

Mr. SALMON. I think they are controlled by the Idaho Public Utilities Commission on the rates that they charge.

Mr. SAYLOR. And those rates will allow them to recover their invested capital, with a fair return on their money?

Mr. SALMON. I suppose so.

Mr. SAYLOR. And the Idaho Power Co. has never said to the city of Burley that if they made application for power they couldn't get it at the rates established by the Public Utilities Commission of Idaho, have they?

Mr. SALMON. Not to my knowledge.

Mr. SAYLOR. Well, then, if this dam isn't built and there is not a power shortage, you will get, your community will get, its power from one of those public utilities, is that correct, either that or build your own powerplant?

Mr. SALMON. One or the other.

Mr. SAYLOR. If my memory serves me correctly, some years ago you appeared before a committee which has been known or called in Congress the Chudoff committee, headed by a man who is now judge up in Philadelphia, Earl Chudoff. You appeared as a witness before that committee.

Mr. SALMON. I remember that.

Mr. SAYLOR. At the time you appeared before that committee, I think you made the statement that you felt that the Federal Government owed a duty to the people of Burley, Idaho, to supply them with all their needs, regardless of what they were; is that correct?

Mr. SALMON. As I recall it—that has been quite a few years ago—I think I made this observation: that inasmuch as the Federal Government had been supplying the customers in that area for a period of more than 50 years, that they had also acquired an obligation.

Mr. SAYLOR. To continue to supply the future needs, whatever they may be, of that city; isn't that what you said?

Mr. SALMON. It has been several years ago. I think I said it similar to what I just mentioned; yes, sir.

Mr. SAYLOR. Let me ask you this: Are you interested in just the Federal Government supplying that power, regardless of what it costs, or are you interested in the people of Burley having power supplied by the Federal Government at a price which will enable them to recover the amount of money it takes to develop that power?

Mr. SALMON. I would like to go back to the beginning of my statement, if I can, sir.

In the beginning, no private company wanted our business. They didn't want to supply the city of Burley with power. Now that the system has been developed until it is a progressive, going system, then are we to understand that we cannot expect to have any more help from the Federal Government? That what was good a few years ago was no longer good?

Mr. SAYLOR. The only answer to you, Mr. Mayor, is this: When a child is young and not able to help itself, its parent provides food, clothing, shelter, protection, guidance, and care. When a child grows up and becomes a man, unless it has some physical difficulties, I cannot see why a father is supposed to continue to provide all of those things.

You did not expect your father to do it. You went out on your own. Most every other child that I have known has done the same thing. We get to a situation where someone cannot help themselves and I can understand your philosophy.

Mr. SALMON. We have not asked the Federal Government to give us anything. As I stated, the Minidoka Dam original cost has been repaid, so it hasn't cost the Government anything in the long run. We are led to believe, and we do believe, that Burns Creek, integrated with Palisades, will do the same thing. It will be repaid, too.

Mr. SAYLOR. We talk about the Burns Creek project alone, and the Bureau figures indicate that at 3 percent interest it will not come close to paying its own way if you sell the power at the Palisades direct; isn't that correct?

Mr. SALMON. They don't propose to operate Burns Creek singly.

Mr. SAYLOR. The reason I ask you these questions is that one of the witnesses that preceded you said they expected to get some power from down in the Columbia basin, and the rates down there were a great deal lower. The reason they were going to be able to get it was that they began to put more power units on the line.

I would like to read to you a statement from the Comptroller General of the United States dated December 14, 1959, addressed to the Honorable Wayne N. Aspinall, chairman of this committee. The second paragraph states this:

> The statement shows that the system sustained a net loss of $6,609,820 in fiscal 1959 as compared with a net loss in fiscal year 1958 of $2,949,501. The increased loss is entirely attributable to an increase in fiscal 1959 expenses without a proportionate increase in revenues from the sale of firm power, and to a considerable reduction in revenues in the sale of secondary power. The increased expenses were caused principally by the operation of new generating facilities added to the system.

In other words, the Bonneville Power Co. downriver, from which a prior witness just said they expected to get some more cheap power, during the last 2 years has operated at a loss of about $9.5 million because they have tried this integration business down there, and having one good dam and trying to tie a lot of bad ones to it.

It reminds me very much, Mayor, of that age-old story of the firm that lost money on every deal, but it was only the volume that kept them in business.

The sale of power at less than cost even if you integrated, means that this Burns Creek Dam cannot pay out. So what you have to do is to try and draw on a good project and take the revenues away from the irrigators. Isn't that what you are doing?

Mr. SALMON. Not the way it has been explained to us, sir.

Mr. SAYLOR. By whom?

Mr. SALMON. We have had many meetings out in our area. At some of the meetings the Bureau of Reclamation has been represented, and

at other meetings it has been the individual power users themselves. We have tried to inform ourselves as best we can.

All the information that we have is to the effect that the two dams would be operated as a unit and would pay out the entire cost with interest.

As I said, if that is true, and we believe it is true, it looks to me like that would be a good investment for the Federal Government or anyone else.

Mr. SAYLOR. Would you think it was a good investment to spend $49 million if by the expenditure of $3 million you could build a steamplant and produce the same amount of power?

Mr. SALMON. It is our understanding that steam generation is the most expensive way of generating electric energy there is today, and I think that steam generation has been curtailed somewhat in the area of late.

Mr. SAYLOR. Do you want to stand on that statement?

Mr. SALMON. I have been informed that that is the case. I do not have it in writing.

Mr. SAYLOR. I will reserve the balance of my time.

Mr. ROGERS. Mr. McGinley?

Mr. MCGINLEY. I will reserve my time.

Mr. ROGERS. Mr. Langen?

Mr. LANGEN. No questions.

Mr. ROGERS. I have just one question, Mr. Mayor.

Is it your general philosophy that this project, as presented here, can be paid out under the general law applicable to the repayment of reclamation projects?

Mr. SALMON. It is my philosophy from the information I have that the project could be paid out in a period slightly over 50 years. I am not acquainted with the general reclamation laws enough to say whether it could be paid out under the general reclamation laws or not.

Mr. ROGERS. Would you subscribe to the proposition, Mr. Mayor, that if it was not so drawn at the present time, that the bill ought to be redrawn so that it would be in conformity with the general laws applicable to the repayment of reclamation projects and not be in the position of being an exception to the general laws?

Mr. SALMON. I think that should be done.

However, I am not acquainted with the general laws to discuss that properly. But if it could be paid in a period slightly over 50 years, it seems to me to be a very good investment.

Mr. ROGERS. There is just one other thing that I want to touch on, Mr. Mayor. That is your statement on page 3. It says you are not asking for any Federal handouts. I think sometimes that leaves the wrong impression.

I think that these projects that require Government help, whether this is the one or not—any of them that require Government help—that we do get in all phases of this a Federal handout in the difference in the interest costs, because there are not any of these projects that could be financed by the sale of bonds, I do not think, at less than 5 percent now. So, actually, there is a handout in any of the projects, a Federal handout.

I think the record ought to be kept completely clear on those things because there has been some misunderstanding about this among the folks who are not in reclamation areas.

Mr. SALMON. Probably I should have said that we do not expect a Federal gift, Mr. Chairman.

Mr. ROGERS. Any more than would be applicable to any other project of this kind.

Mr. SALMON. I think that is all I have.

Mr. Saylor has a question.

Mr. SAYLOR. Mayor, in view of the long-term bonds which the Federal Government is now issuing and that they have a rate which is far in excess of 3 percent that was figured at the time this project was figured, would you be in favor of having this project financed so that it would pay the cost of the long-term bonds outstanding at the date it was authorized?

Mr. SALMON. At the lower rate of interest?

Mr. SAYLOR. It is a higher rate of interest.

Mr. SALMON. That would take longer to pay out the project if they have to pay a higher rate of interest.

Mr. SAYLOR. It might mean that you would have to pay more for your power, too. It very simply could be done that way.

Mr. SALMON. That could be so.

As I said before, we don't expect a gift. We are willing, and we hope able, to pay for what we get.

Mr. SAYLOR. You see, the Government does not have any money. It has to go out and borrow the money to do this financing. I want to know if the people you represent are willing to pay the Government what it will cost the Government to be able to go out and borrow the money.

Mr. SALMON. Yes, sir. We don't expect the Government to give us the money to carry on affairs with.

Mr. SAYLOR. If that were so and it increased the millage to 7 or 8 mills per kilowatt, would you still be in favor of it?

Mr. SALMON. It would be still less than we could buy it from private industry for.

Mr. SAYLOR. Of course, private industry has to pay a little tax out there. You do get some tax from it out there, do you? The State of Idaho gets some tax from the Idaho Power Co.?

Mr. SALMON. Yes, sir.

Mr. SAYLOR. You do not get any tax from these dams?

Mr. SALMON. Not in the way of taxes, but we do get direct benefits that are equal to taxes.

Mr. SAYLOR. Do you not get those same benefits from the installations of the Idaho Power Co.?

Mr. SALMON. In a small degree, we would.

Mr. SAYLOR. Why do you say in a small degree?

The dams that are built are not quite as big, so you do not get quite as much, is that it?

Mr. SALMON. They get certain exemption, the same as individuals do, on the taxes they pay.

The communities where they are served by private enterprise do not get near the tax revenue to operate their municipalities on that one would expect.

Mr. SAYLOR. Would you repeat that?

Mr. SALMON. I say the revenue that they get in taxes is not nearly as great as some people would think it is.

Mr. SAYLOR. Do you speak of that from your own personal knowledge?

Mr. SALMON. I speak of it from reports that I have observed, and talks that I have listened to from our neighboring communities there; yes, sir.

Mr. SAYLOR. What communities are those?

Mr. SALMON. Well, for instance, Twin Falls is 40 miles away. They do not have their own power distribution system. Jerome and—well, several of the surrounding communities do not have their own power systems.

Mr. SAYLOR. That is all.

Mr. ROGERS. Mr. Mayor, would you loan me that slip you had a minute ago showing the power rates?

Mr. SALMON. Yes, sir.

Mr. ROGERS. Thank you very much for your testimony.

Mr. SALMON. Mr. Chairman, I have with me a letter from the city of Rupert that I would like to have placed in the record, and also one from the Chamber of Commerce of Burley, Idaho, if you please.

Mr. ROGERS. If you will submit those, Mr. Mayor, I will discuss them with the minority member. If they are appropriate for the record, they will be put in the record. If not, they will be retained in the file.

(Subsequentally, the statements were approved for insertion in the record.)

BURLEY CHAMBER OF COMMERCE,
Burley, Idaho, February 11, 1966.

Representative WAYNE N. ASPINALL,
Chairman, House Committee on Interior and Insular Affairs,
Washington, D.C.

DEAR SIR: Regarding the hearing on the proposed Burns Creek Dam, the Burley Chamber of Commerce wishes to go on record approving said dam for the following reasons:

1. This area is dependent upon its water for irrigation of thousands of acres of desert land that have been brought under cultivation in the past 10 years with thousands more acres yet to be developed.

As a result of this new productive land, we are experiencing an industrial growth that is causing large industries to investigate this particular part of the West in which to expand.

2. In addition to our dependence upon irrigation water, our next greatest need is electric energy.

We feel that the construction of the Burns Creek Dam would enhance our irrigation and industrial development to such an extent that a stable economy for this part of Idaho would be assured.

Aside from the above reasons, the fishing, wildlife, and recreational benefits would be phenomenal to the Snake River Valley.

We sincerely appreciate the opportunity to express our views on this important matter.

Very sincerely yours,

AUSTIN WALLACE,
President, Burley Chamber of Commerce.

CITY OF RUPERT,
Rupert, Idaho, February 9, 1960.

HON. HAMER BUDGE,
U.S. Representative,
Washington, D.C.

DEAR MR. BUDGE: The city of Rupert has for sometime been following, with interest, the bill to construct the Burns Creek Dam. As you are well aware, this dam is of vital interest to communities on the Snake River and our city, among others, will be affected by the construction of this proposed dam.

The city of Rupert wishes to advise you that they are very definitely in favor of this construction and feel that upon completion of the dam it would be of great benefit to the water users in Minidoka County. Of course, as a result, the city of Rupert, will benefit considerably from the same. In addition to this, there is also the possibility of some additional power being produced, which this city has an interest in and uses. It is, therefore, our wish to make this letter a matter of record that the city of Rupert, through its mayor and councilmen, are wholeheatedly in favor of the construction of the Burns Creek Dam.

Sincerely yours,

CITY OF RUPERT,
By: G. L. ACOCK, *Mayor.*
I. MUNSON,
W. L. HOLLENBECK,
City Councilmen.
WILLIAM T. GOODMAN,
City Attorney.

Mr. SALMON. Yes, sir.

Could I make just one brief observation before I leave, sir?

Mr. ROGERS. Yes, sir; go right ahead.

Mr. SALMON. I am a part owner and manager of a hardware, lumber, coal and grain business in Burley, Idaho. There has been some reference made to the coal industry and coal miners. This might be of interest to the committee and to them.

This firm was established in 1913 and from that time on has been purchasing and shipping coal from Helper, Utah, to our city. During the past 3 years there has been natural gas that has come into the area. As I have stated here, electric energy has expanded greatly. Notwithstanding these facts, our company is selling more coal today than we were last year.

Mr. ROGERS. Thank you, sir.

The next witness is the Honorable W. J. O'Bryant, mayor of Idaho Falls, Idaho.

STATEMENT OF W. J. O'BRYANT, MAYOR, IDAHO FALLS, IDAHO, ACCOMPANIED BY MELVIN T. BAIRD, SUPERINTENDENT OF POWERPLANTS, IDAHO FALLS, IDAHO

Mr. O'BRYANT. Mr. Chairman, and members of the committee, if it would not be objectionable, I would like to have Mr. Melvin T. Baird, our electrical plant superintendent, with me. Can he be permitted to come and sit with me?

Mr. ROGERS. Without objection he may sit with you, Mr. Mayor.

Mr. BAIRD. I am Melvin T. Baird, superintendent of powerplants for the city of Idaho Falls.

Mr. O'BRYANT. I have a statement, Mr. Chairman, which I would like to make.

My name is William J. O'Bryant. For 40 years I was associated with the beet sugar industry in the West and Middle West portions of the United States and western Canada. Since that time I have served as mayor of the city of Idaho Falls, Idaho.

Having served for 12 years in the upper Snake River Valley with one of the major beet sugar companies, I am quite familiar with the need for supplemental water storage as insurance against water shortage for irrigation purposes during drought years. These drought cycles have existed in the past and undoubtedly will come again. There is evidence of the need for supplemental water storage in the area, in the fact that Palisades water was oversubscribed by 21-percent-plus, and a preliminary application, on the part of users, for irrigation water in the proposed Burns Creek project exceeded the expected supply by better than 40 percent.

My primary interest at this time, however, lies in the electrical power needs of the city of Idaho Falls.

Our city has had a phenomenal growth since the last census was taken in 1950 of 19,500. A decade of growth since that time was instrumented principally through the choice made by the Atomic Energy Commission, of the area west of Idaho Falls for their reactor testing station, for the development of peacetime use of nuclear power. While the 1960 census has not been taken as yet, it is the best judgment of all concerned that the present population count will reach, if not exceed, 30,000.

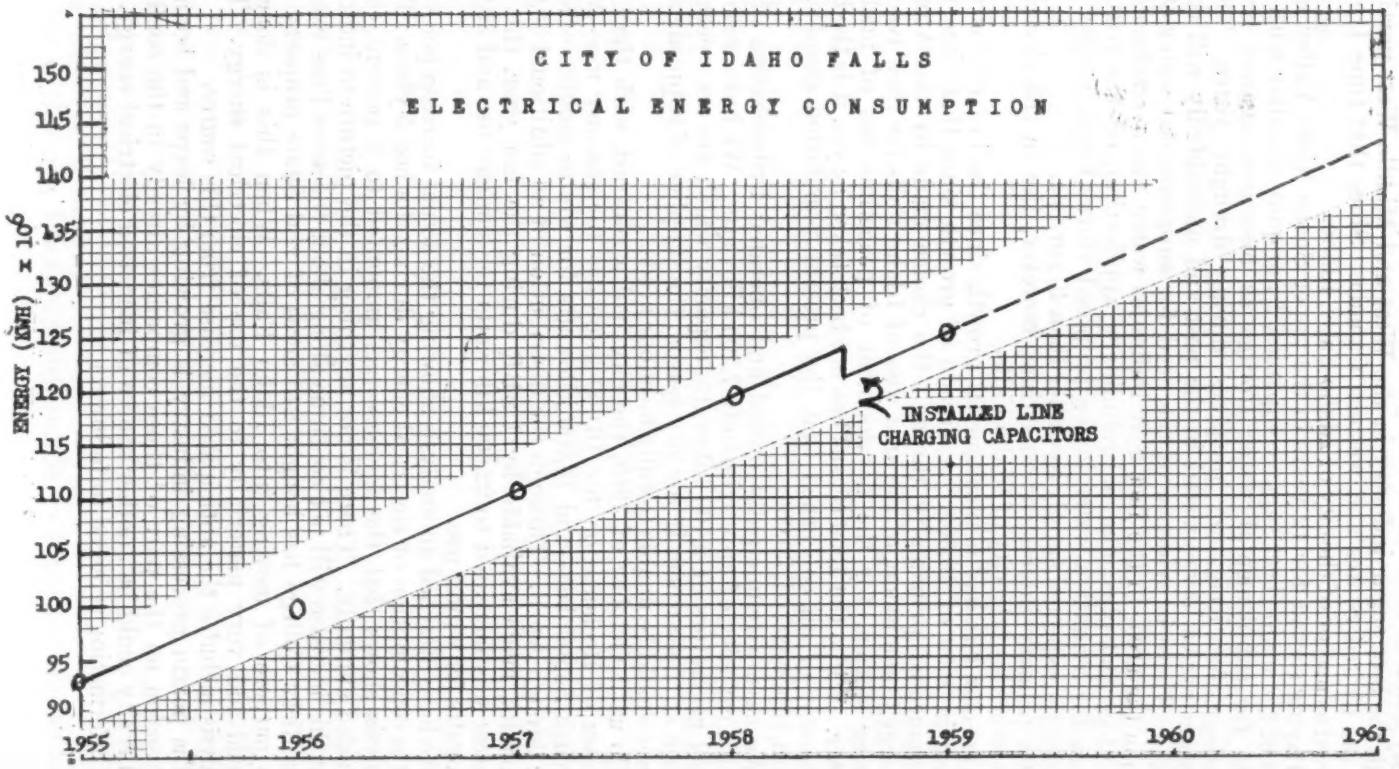
We have a municipally owned and operated hydroelectric plant with a capacity of approximately 7,200 kilowatts. We have standby diesel generators of 2,400 kilowatts capacity which are not operated except at times when, if for any reason, the supplier of supplemental power should be unable to fully meet our needs.

Up until October of 1959, the city had a contract with the U.S. Bureau of Reclamation for 16,000 kilowatts for summer use—May through September—and 18,000 kilowatts for winter months—October through April. Through the distribution of an additional 30,000 kilowatts, made available by USBR during the last year, this allotment was increased to 22,600 kilowatts for summer use and 30,900 kilowatts for winter use.

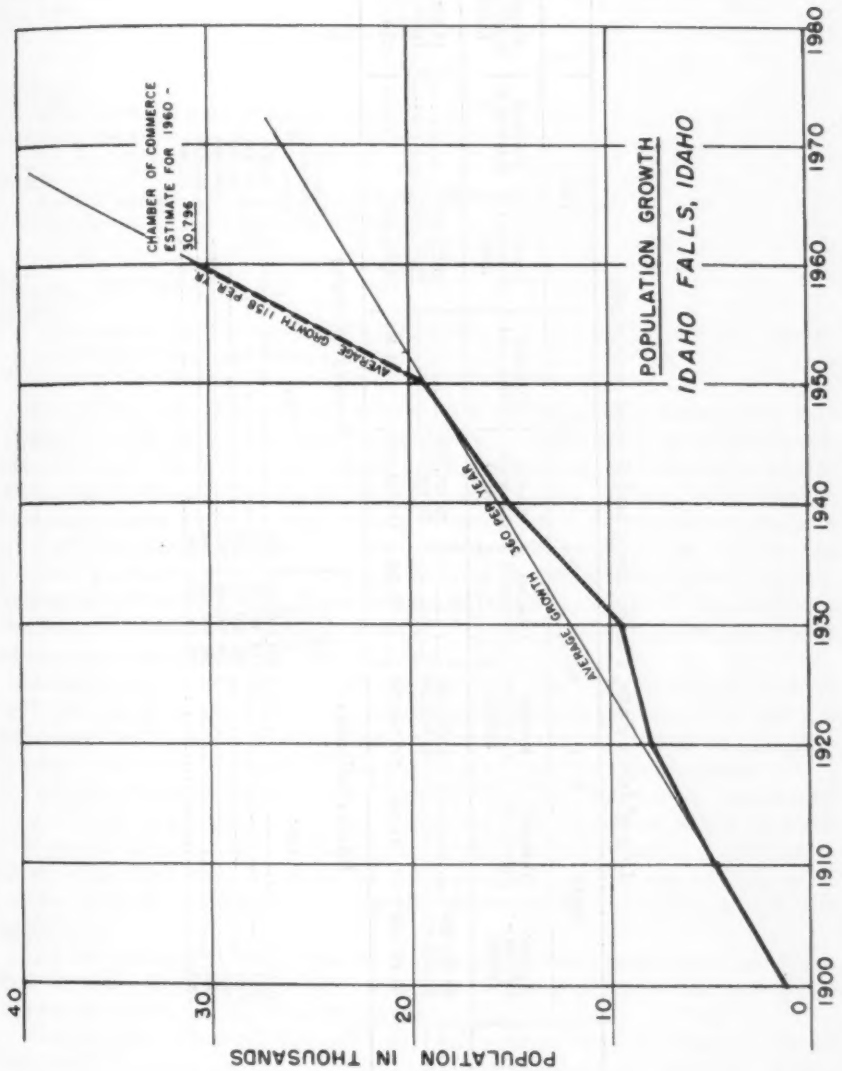
We have attached an analysis showing the actual increase per year in the consumption of electrical energy during the last 5 years. This analysis shows that the increase has amounted to 8 percent compounded annually. There is not anything in the picture to indicate that this increase will not continue along about the same lines except that Ricks College has bought 240 acres of real estate property for the purpose of moving into Idaho Falls. When this is done it should add very materially to the use of electrical energy. The analysis includes the anticipated increase from this source.

The potato processing industry is growing by leaps and bounds. Expansion on the part of those companies already in the confines of the city could be another source of increased electrical energy.

(Information referred to follows:)


CITY OF IDAHO FALLS
ELECTRICAL ENERGY CONSUMPTION
ENERGY (KWH) x 10⁶
150
145
140
135
130
125
120
115
110
105
100
95
90
1955
1956
1957
1958
1959
1960
1961
0
2
INSTALLED LINE
CHARGING CAPACITORS

40


POPULATION GROWTH
IDAHO FALLS, IDAHO
POPULATION IN THOUSANDS
0
10
20
30
40
1900
1910
1920
1930
1940
1950
1960
1970
1980
AVERAGE GROWTH 360 PER YEAR
AVERAGE GROWTH 1158 PER YR
CHAMBER OF COMMERCE ESTIMATE FOR 1960 - 30,796

City of Idaho Falls, Idaho, energy and demand consumption

	1955		1956		1957		1958		1959	
	Energy (kilowatt-hours)	Demand (kilowatts)	Energy (kilowatt-hours)	Demand (kilowatts)	Energy (kilowatt-hours)	Demand (kilowatts)	Energy (kilowatt-hours)	Demand (kilowatts)	Energy (kilowatt-hours)	Demand (kilowatts)
City	53, 713, 239		56, 363, 820		53, 927, 100		52, 272, 330		53, 895, 130	
Purchase	38, 924, 800		45, 015, 600		56, 616, 513		66, 587, 909		71, 922, 645	
Total	92, 407, 639	19, 800	101, 200, 220	22, 082	110, 543, 613	24, 464	118, 860, 239	24, 516	125, 817, 775	26, 987

Energy estimates

Year	Energy (kilowatt-hours)
1960	134, 500, 000
1961	143, 000, 000
1962	151, 800, 000
1963	160, 500, 000
1964	169, 800, 000
1965	178, 700, 000

Demand estimates

Year	Energy (kilowatt-hours)
1960	29, 300
1961	31, 500
1962	33, 600
1963	35, 700
1964	37, 800
1965	39, 900

PRESENT USBR CONTRACT

Demand, May to September inclusive, 22,600 kilowatts; demand, October to April, inclusive, 30,900 kilowatts.

At existing growth rate, the city will exceed its present firm power commitment (from USBR): with Ricks College, late 1963; without Ricks College, late 1964.

RATE SCHEDULES

"U. P. & L."

Demand:
First 100 kilowatts, at $2 per kilowatt.
Next 200 kilowatts at $1.90 per kilowatt.
All over at $1.65 per kilowatt.

Energy:
First 1 million kilowatts, at 6.5 mills per kilowatt-hour.
All over at 5.4 mills per kilowatt-hour.

"USBR"

Demand: $0.75 per kilowatt.

Energy:
First 250 hours times monthly billing demand at 3.5 mills per kilowatt-hour.
All over at 3 mills per kilowatt-hour.

Wheeling charge by U. P. & L.: 1 mill per kilowatt-hour.

Mr. O'BRYANT. During the course of a speaking appointment in our Idaho Falls Rotary Club last November 25, 1959, the Honorable Frank Church, U.S. Senator from Idaho, pointed up the fact that the Idaho Falls story should be published far and wide. That, contrary to what had been done in most other areas when a development such as that of the Atomic Energy Commission had come about, where the Federal Government had stepped in and provided the extra housing and services needed for the necessary expansion, Idaho Falls had met the issue unaided by Federal grants, and had kept pace with the needs of the extra thousands of new citizens.

Gentlemen, we are proud of this achievement, but feel keenly that without the revenue from our municipally owned powerplant and the privilege we have of purchasing electrical energy, as one of the preferred customers of the USBR, this could not have been done.

In doing these things without aid, however, we have been compelled to use funds for other purposes which should have been expended for the modernization and expansion of our power system. Within a short time this will have to be done and unless we can continue to secure favorable electrical rates, the city will find itself in a difficult position.

We feel strongly that because so much has been done to avoid Federal expense that we should have some consideration in the use of the resources which are so close at hand.

Without the Federal impact, our old system was adequate and we were able to provide for obsolescence. Whereas now, because of this expansion due to the Federal impact and the necessity of providing all necessary utility service, we have had to use our funds for these other services and are now faced with the necessity of modernization of our expanded system without the means at hand to do so.

In view of the multiple uses which the Burns Creek project would serve, as a necessary reregulating factor in the downstream flow of Snake River, as an integral part of the Palisades project in furnishing a supplemental irrigation water supply, in supplying supplemental electrical energy for municipal use and for the pumping of water for

the irrigation of an approximate quarter million acres of farmland, the need of which was not anticipated at the time Palisades was developed, we sincerely and respectfully recommend that favorable action be taken on this much needed project.

Our tables support the statements we have made in the amount of growth that the city of Idaho Falls has had during the last 5 years and the projected estimates of energy required for the next following 5 years.

We are in a position at the present time where, in the event that Ricks College is built, and there is no reason for not believing that it will be, because the property has already been purchased and the engineering work is underway for the erection of the buildings on the college campus, that our present supply, or our present allotment, would probably run out about 1963.

In the event that they should, for some reason, not come in, it would probably run out about in 1964.

Our reasoning and our belief in connection with Burns Creek, that it is just as much an integral part of Palisades as a child would be to its parents—because it should be a part of that project—is as follows: A considerable amount has been said about the reregulating effects, and I think there is one point that has been overlooked.

We know as it now stands during the irrigating season if Palisades were to operate those generators to their full capacity, it would increase the level of the Snake River between that point and the next reservoir to a point where it would endanger all the head gate structures of the canals between those two points.

On the other hand, during that part of the day when the demand is low, in order to maintain a flow to support the irrigation and the generators that lie below Palisades, it is necessary to run more water out of the reservoir than would be necessary if there was a reregulating reservoir below to catch the peak and level it off. So we are wasting the resources of Snake River by operating as we are doing at the present time. We are running not enough water at one time and too much at another time during each day of its operation to give us the full benefit of the potential that is there.

In our area we pretty well realize the value of water, and anything that is done to waste the resources that are so valuable to the area should be given consideration.

Mr. ROGERS. Do you know what your electric rates are, Mr. Mayor? Do you have a municipal system?

Mr. O'BRYANT. Yes.

Mr. ROGERS. Your residential rates, what are they?

Mr. O'BRYANT. I will ask Mr. Baird to give those to you.

Mr. BAIRD. The first 100 kilowatts cost $3.40 and then it graduates.

Mr. ROGERS. You do not break that into two fifty?

Mr. BAIRD. It is broken down 3.6 for the first 75, 2.7 for the next 25, 1.8 for the next hundred.

Mr. ROGERS. What do you have to pay for that?

Mr. BAIRD. We are paying in the neighborhood now, with wheeling charges and all, of between 6 and 7 mills.

Mr. ROGERS. The gentlewoman from Idaho, Mrs. Pfost.

Mrs. PFOST. I first want to commend Mayor O'Bryant for taking time from his busy schedule to come back here and testify for this worthy project.

You presented a very fine statement, Mr. Mayor.

I want to ask you whether or not you feel that fluctuation of the river cuts your own power facilities. You have a powerplant of your own in the city, do you not?

Mr. O'BRYANT. That is right.

Mrs. PFOST. If the volume were stabilized, would this step up the production of your own powerplant?

Mr. O'BRYANT. It would.

There are times when our plant is unable to function at its utmost capacity because of the low river. With the reregulating factor, if we had a reregulated reservoir, it would stabilize the flow between the Palisades Reservoir and the American Falls Reservoir to a point where it would be a more continuous, stabilized flow.

Mrs. PFOST. Do you have any idea what additional power you would be able to derive from the regulated flow of the river?

Mr. O'BRYANT. I would like to pass that question to Mr. Baird.

Mr. BAIRD. Well, there have been times this winter where we have been down as much as 1,500 to 2,000 kilowatts below our peak capacity.

Mrs. PFOST. And you feel that if the flow of the river is regulated that this will give you the additional power which you have been short?

Mr. BAIRD. I do, because I feel there has been some storage water in the Palisades Reservoir that we could have very easily used because they were holding it back up there.

Mrs. PFOST. If I understand you correctly, then, you are saying that Burns Creek would not only benefit the Palisades power production, but it would step up power production at other plants downstream, such as yours in Idaho Falls?

Mr. BAIRD. It would somewhat; yes.

Mrs. PFOST. Thank you very much.

Mr. ROGERS. The gentleman from Pennsylvania, Mr. Saylor.

Mr. SAYLOR. Mr. Mayor, how far is it from the Palisades Reservoir to the site of the proposed Burns Creek Reservoir?

Mr. O'BRYANT. What was your question?

Mr. SAYLOR. How far is it from the site of the present Palisades Reservoir to the site of the proposed Burns Creek Reservoir?

Mr. O'BRYANT. Approximately 30 miles, I think.

Mr. SAYLOR. How far is it from the site of the proposed Burns Creek Reservoir to the American Falls Reservoir?

Mr. O'BRYANT. From Burns Creek to American Falls?

It is between about 40 and 50 miles.

Mr. SAYLOR. Where on the Snake River do you have the facilities which divert the water to your powerplant?

Mr. O'BRYANT. Right in the city of Idaho Falls.

Mr. SAYLOR. For the purpose of the record, is that above the American Falls or below American Falls?

Mr. O'BRYANT. It is above American Falls, between Palisades and American Falls.

Mr. SAYLOR. How far above the American Falls Reservoir?

Mr. O'BRYANT. About 25 miles, approximately.

Mr. SAYLOR. So that the site of your proposed reservoir would be approximately 15 miles below Burns Creek, the proposed Burns Creek Reservoir?

Mr. O'BRYANT. Nearer 20, I would say.

Mr. SAYLOR. Mr. Mayor, had you appeared here and testified with regard to the original proposal of the Bureau of Reclamation to build a reregulating reservoir, I would have been tremendously impressed by your testimony, because of the fact that what you are talking about is what the Bureau of Reclamation originally proposed. But I would like to have you tell me, or your engineer, Mr. Baird, tell me, how the installation of the power facilities which they propose to put in this Burns Creek Reservoir are going to help you in the process of reregulating the reservoir, either your water supply or the Palisades.

Mr. O'BRYANT. The installation of power, unless it were installed, would certainly not meet the full potential of the development there.

Mr. SAYLOR. That is not what I asked you, Mayor. I asked you how the installation of power facilities are going to help you reregulate the flow of this river.

Mr. O'BRYANT. The installation of electrical generators there is not going to reregulate the flow in the river. That is true. But then that water is going to be going through there anyway, and we just as well make use of it while it is there. There is a need for it.

All of the energy that will be produced from the Burns Creek installation, provided it is put in, will be used without encroaching upon any private enterprise.

Mr. SAYLOR. Mr. Mayor, I have not asked you that point.

Your testimony is based upon the fact that the installation of the Burns Creek Reservoir will constitute a reregulation of the Snake River.

Mr. O'BRYANT. Is that all I spoke about, Mr. Saylor? I mentioned a half dozen different things that it would do.

Mr. SAYLOR. Mr. Mayor, you have not answered the principal reason that you said you wanted it.

Mr. O'BRYANT. I said here my primary interest at this time, however, was in the electrical power needs of the city of Idaho Falls, didn't I?

Mrs. PFOST. Would the gentleman yield?

Mr. SAYLOR. No, I will not yield at this point.

I want to find out from the mayor where he is going to get reregulating of the river by the building of this dam and the installation of the power facilities.

Both you and your immediate predecessor specified this fact. I want to find out where it is.

Mr. O'BRYANT. By reregulating the flow or letting the flow out on a more regulated manner than can be done from Palisades if you are going to get the maximum potential out of Palisades.

Mr. SAYLOR. How are you going to reregulate it so it will affect you down below?

These are words up until now, Mayor. You haven't told us how you are going to operate the reservoir.

Mr. O'BRYANT. All right. I will try to explain it again. I thought I had.

But in a day's operation of a powerplant, there are peak demands and there is a low ebb, an area at night when there is very little power used.

Mr. SAYLOR. That is nothing new or startling.

Mr. O'BRYANT. Certainly not, but that is the question you asked me. Wasn't it?

My only explanation of it could be—well, if I could graph on the wall, I would show you a line going along at about the average, then going up to a peak and then coming back down to the line, which, if the two ends would join together, would constitute a 24-hour use of electrical energy. If they allow enough water through the generators to produce the maximum that the generators are capable of producing, we are going to let more water during that time of the day down the river than has been running normally, and it is going to affect the headgates of every irrigation canal that there is between those two reservoirs.

That constitutes the entire Upper Snake River Valley.

Coming to the low ebb, if that could have been operated to its fullest capacity during the peak period, there would have been enough water stored in the reregulating reservoir to have allowed enough down during the low ebb area of the day to have operated the generators and to have taken care of the irrigation that is being carried on between the two reservoirs.

But I am sure we have to cut off before we have reached that peak and have sacrificed electrical energy. Then we have had to run more water down the river than would have been necessary had we had this extra water in the reregulating reservoir to have kept a normal flow.

Do I make my point clear?

Mr. SAYLOR. No.

Mr. O'BRYANT. I may have to get a blackboard.

Mr. SAYLOR. I want to ask how much water you expect to have as a constant flow below Burns Creek?

Mr. O'BRYANT. Whatever is required to keep the irrigation needs taken care of and to care for the generation.

Mr. SAYLOR. Do you expect it to be operated 24 hours a day?

Mr. O'BRYANT. Surely. They irrigate 24 hours a day and there are these generators.

Mr. SAYLOR. I did not ask you what you were irrigating. I want to know what the flow from the dams would be.

Mr. O'BRYANT. I am not enough of an engineer to tell you what the dams will flow.

Mr. SAYLOR. I want to know if it will be uniform all day long.

Mr. O'BRYANT. There will probably be some fluctuation, but then it will be regulated to probably the same point as now. But you would be saving water in so doing and increasing the amount of electrical energy produced at the Palisades.

Mr. SAYLOR. Then what you are really telling us is that the program that the Bureau proposed isn't quite complete and come back here and ask what they did in the first place, to put a reregulating reservoir below Burns Creek.

Mr. O'BRYANT. I think they probably would have done that, except that I think there probably wasn't as great a need for it at the time as there is now, because of the tremendous amount of pump ir-

rigation that is being done down the valley, particularly in the lower valley, where this current is used.

Mr. SAYLOR. Are you familiar with the man who was the water master for a good many years?

Mr. O'BRYANT. Yes, sir; I live in the same town as he does.

Mr. SAYLOR. Mr. Lynn Crandall?

Mr. O'BRYANT. Yes, sir.

Mr. SAYLOR. You know, Mr. Crandall came in here last year and said that the reason that the Bureau did not ask for a reregulating reservoir when they built it originally was that, in his opinion, it was too big a bite and Congress would not have built the Palisades.

Mr. O'BRYANT. I didn't give you that answer, did I?

Mr. SAYLOR. I did not say you did. Mr. Crandall, who I think knows a little more about the river than any other person out there, made that statement.

Mr. O'BRYANT. He probably knows a good deal more about it than I do, I will grant that. But I don't believe he fully meant that.

Mr. SAYLOR. I do not know whether he fully meant it or not, but that is what he said. He came back here and testified back in 1949, testifying with regard to this original project.

Very frankly, in my opinion, that was one of the real reasons why that project was authorized.

Mr. O'BRYANT. Your Honor, I am not trying to put words in anyone else's mouth. Probably Lynn would say the same thing, again, as he did before. I am just saying that I don't feel that that would be my reason if I were giving a reason. I feel that there has been a considerable number of years passed since the project was initiated, and that there are probably reasons now that they didn't have it at that time; that is, reasons that are more apparent now than they were at that time.

Mr. SAYLOR. Does your city get all of its power needs from your own plant and from the Bureau of Reclamation?

Mr. O'BRYANT. We are at the present time.

As I explained before, if our figures are projected correctly, we will be taken care of, if the college is built, until about 1963, and if it isn't, until about 1964, without any supplemental power.

Mr. SAYLOR. And are there power facilities in the neighborhood available to your city to supply any increased needs that you have if this project is not built?

Mr. O'BRYANT. We have a supplemental power contract with the Utah Power & Light Co. at the present time to take care of anything we might need over and above what our Federal allotment is, but at a tremendously higher rate.

Mr. SAYLOR. I will ask you the question I asked your immediate predecessor.

The rates of that power company are regulated by the Public Utility Commission of the State of Idaho?

Mr. O'BRYANT. That is true.

But in my way of thinking, I think something has been overlooked there that probably should be looked into. That would be a wholesale rate on power. There is no different rate to a city than there is to an individual, under this setup.

Mr. SAYLOR. Let me ask you, Mayor: How long have you been mayor of your city?

Mr. O'BRYANT. Seven and a half months, sir.

Mr. SAYLOR. You have hardly had time, then, to get your feet on the ground.

Mr. O'BRYANT. That is the reason I don't know any more than I do; that is right.

Mr. SAYLOR. I should recommend, if that is your feeling, that you better take it up with the Governor and the power commission of your State and find out if there is something wrong.

Mr. O'BRYANT. That is right; that is the democratic way of doing it, isn't it?

Mr. SAYLOR. That is right.

Do you feel that the Federal Government owes a utility duty to the people that live in your city?

Mr. O'BRYANT. I do not, no. But I feel this way: I feel that, inasmuch as we have a natural resource there that can be developed, we would certainly be remiss in not developing it, to take full advantage of the potential that is there.

It will be an economic loss to the entire Northwest and to the Nation unless it is done.

In this particular case, that can be put in at the same time that a dam will be put in, and it will be paid back. It has already been brought out that it will be a loan, because there will be no loss on it.

On the question that was asked before, which you will probably ask me, about whether we would be willing to pay a higher rate of interest, as Representative Budge said this morning, this should not be considered any differently than any other project, and if you are going to charge a higher rate of interest to any other projects we would be willing to assume a higher rate. But it is an integral part, in my estimation, of the reclamation project, and whatever is done there would need to be done elsewhere.

This is not the first dam that has been built for power. Part of this is power, of course, but you have other projects. You have the Hungry Horse project in Montana. You have a project in California that was put in down there. I understand that in 15 or 20 years part of that water will be used for irrigation; in the meantime, it is all used for power.

The 100,000 acre-feet here is going to be used for irrigation to start with. The generation will come from those generators which, according to the amendment that was put in by Senator Church and Senator O'Mahoney, those generators would be installed as the need came for them. It would be anticipated that the last one would come on the line about 1969.

Under our present rate of growth, by 12 years from 1964, about 1976, we would have outgrown whatever new allotment would come to us from Burns Creek, in the event it were installed.

Mr. SAYLOR. I will yield to the gentleman from Florida.

Mr. HALEY. Mr. Mayor, I am quite interested in the statement you just made.

Do you believe, Mr. Mayor, that the people in your part of the country who borrow money from the Treasury should pay the going rate of interest?

Mr. O'BRYANT. Would you restate that?

Mr. HALEY. I asked, do you believe that the people of your part of the country, in borrowing money for these projects, should pay the going rate of interest that the Treasury must pay when they borrow money?

Mr. O'BRYANT. I feel that our district should be treated the same as any other district and every other district should be treated the same as ours.

Mr. HALEY. That is not the question I asked you.

Do you believe that the people of some other part of the country should be picking up 2 percent of the tab over a long period of time in order to bring in projects in your country at a cost to the other taxpayers of this Nation?

Mr. O'BRYANT. If they are going to do it in other States, yes. If not, no.

Mr. HALEY. Would you be willing to pay the going rate of interest?

Mr. O'BRYANT. I think that we would, in the event we were treated the same as everyone else, if there was no discrimination made, yes.

Mr. HALEY. I am intrigued about this reregulating proposition.

Could you build, Mr. Mayor, a reregulating dam down there to supply this water for about 4 or 5 miles beyond?

Mr. O'BRYANT. The figure that I have seen would run about $9 million, if there were nothing else done except to build a reregulating reservoir.

Mr. HALEY. Let us take your figures, then.

The project now is supposed to cost—and we have found that the amount actually involved exceeds that by about 50 percent—$50 million, and you say the thing could be built for $9 million. Would that not solve your irrigation problem?

Mr. O'BRYANT. It would not solve the problem of doubling the output of our present plant.

I think evidence has already been shown that the Burns Creek would be an integral part of Palisades and would step it up to 2,149,000 as against the 1,147,000 as it is.

Mr. HALEY. In other words, Burns Creek is a part of this entire Palisades picture?

Mr. O'BRYANT. That is right.

In my estimation, it cannot be separated.

Mr. HALEY. If that is true, do you have any idea why this Burns Creek was not presented as a project as a whole?

Mr. O'BRYANT. The answer I gave Mr. Saylor a few minutes ago was that I don't think that the need for it was as keenly apparent at the time it was first proposed—as Palisades was first proposed—as it is now.

Mr. HALEY. Mr. Mayor, have you a critical shortage of power in this area?

Mr. O'BRYANT. I think we are going to run short of power before there is more on the line.

I will say that at a rate that would be one and a half, at least, of what we are paying at the present time, we could probably get more power; yes.

Mr. HALEY. Let me read you a quotation and ask you if you agree or disagree with it.

In contrast, the Burns Creek project does not bring 1 new acre of land under irrigation, and merely provides 100,000 acre-feet of supplementary storage which might be needed two or three times in 50 years at an estimated cost of $49 to $50 million.

Would you agree with that statement?

Mr. O'BRYANT. No; I would not agree with that entirely, because I think the need will come oftener than that.

Mr. HALEY. Mr. Mayor, in thinking, I just cannot get through my mind, where you are allocating only 1.7 percent, that this is an irrigation problem.

If you have an irrigation problem, that is one thing, but if you could build a dam at a small fraction of this cost, and you need the water, that, I think, would be feasible.

It is admitted that there is no shortage at the present time insofar as power is concerned. You will admit that, will you not?

Mr. O'BRYANT. If you will remember, I think when this thing was first set up—the U.S. Bureau of Reclamation people can correct me if I am wrong, or you may be in a position to do so—at the time Palisades was first contemplated, it was thought that it would probably take 3 years of normal years in the area to fill it, and that those people who needed water out of the Palisades should contemplate about three times what they would actually use, actually have to have, in order to be protected.

The history of the area is that it would take 3 years to fill the reservoir. On that basis there was 21 percent plus, something over 21 percent, that was oversubscribed. I represented a company in the area that had land to irrigate and I know the application that we made for water for that land was reduced about 21½ percent. I am not sure of the fraction, but it was somewhere between 21 and 22 percent.

Then when they asked for a preliminary application on that, that was exceeded about 40 percent. That is, 100,000 acre-feet was subscribed to the tune of about 140,000. So there evidently is need for that water in there or they would not have made such applications.

Mr. HALEY. I am not in a position to question the water situation, and I am not questioning that. I am just wondering why this Congress is now asked to expend $50 million on a project to reregulate the river when they could do it with a dam down there that would cost a great deal less.

My own opinion is that when the Bureau of Reclamation brought this project here in the first instance—I am talking about Palisades now—they did not tie Burns Creek to it because they wanted to sell us a bill of goods, so to speak. Palisades might have had just a little tougher going if you had attached this project onto it, and it would have shown that it was not as feasible as they made Palisades.

Mr. O'BRYANT. Well, that was just according to the statement of one man, wasn't it? I don't think that feeling was general.

Mr. HALEY. I fail to see, Mr. Mayor, where people of the country should further subsidize at tremendous expense something out there that you really do not need, when you could do with a great deal less.

With the position of the Federal Treasury today, I think that all American people ought to begin to look around and say, "What can we get by with at the moment? What is the No. 1 thing?"

Do you not agree with that?

Mr. O'BRYANT. Providing it wouldn't hurt an area to do that.

Here is another evidence of the validity of this thing, and that is that the Bureau of Reclamation recommended and has the recommendation and approval of the Bureau of the Budget, and it undoubtedly must comply with the laws and regulations of reclamation.

Personally, I can't see——

Mr. HALEY. Mr. Mayor, I do not want to be argumentative about the thing. I know you have no more control over the Bureau of Reclamation than I have. But it just seems seems to me that the Bureau never comes up with a project of $25 or $50 million, and it seems that there are a lot of smaller projects that could be given attention to at this particular time, to do a job that is needed to be done, without these huge expenditures of money.

It seems to me, Mr. Chairman, that we never come up here with the smaller projects.

I might say to the Bureau while they are here that I think probably that is some of the best money you spent, that spent in the smaller projects. If you get back to what the bill and the law originally intended, I think you will have a better atmosphere.

I thank the gentleman from Pennsylvania for yielding.

Mr. O'BRYANT. I have an editorial that appeared in our Post Register, our local newspaper, that is not too long. Would you like me to take time to read that or would you rather I submit it as testimony?

Mr. ROGERS. If it is an editorial out of a newspaper, Mr. Mayor, I think the proper place for it would be in the file. If you want to submit it for that purpose, we will be glad to receive it.

Mr. O'BRYANT. All right.

I have a telegram from our local chamber of commerce, which says:

The Idaho Falls Chamber of Commerce requests that you represent us as well as the city of Idaho Falls at the hearing on the Burns Creek measure. We are familiar with the testimony you will give and adopt it as expressing our own views. We urge passage of the Burns Creek bill during the current session of Congress.

Mr. ROGERS. Do you have anything more?

Mr. SAYLOR. Not at this moment.

Mr. ROGERS. Mr. Haley?

Mr. HALEY. I will yield to the gentle lady after I make this comment, or this statement:

Your telegram, Mr. Mayor, from the chamber of commerce would be just about what you would normally expect from a chamber of commerce. The only thing that rather frustrates me sometimes is that supposing the chamber of commerce continues to carry the torch nationally, statewise, and locally to reduce taxes and reduce the expenditures of the Federal Government, cut down the budget, I wonder how they expect us to do these things when they continue, every time a project affecting a particular locality comes up, to be usually the first to think it is a fine project. But if we raise the budget a little bit, they are the people who want us to reduce.

I yield to the gentle lady.

Mrs. PFOST. Thank you very much, Mr. Haley.

I was seeking recognition to clear up something which I thought our colleague from Pennsylvania might not be aware of unless he has visited Idaho Falls.

Mr. Mayor, my understanding is that the name of Idaho Falls comes from the natural falls in the Snake River; is that true?

Mr. O'BRYANT. That is correct.

Mrs. PFOST. And your power production is supplied from a natural falls that exists in the river and, therefore, should there be a greater and firmer flow of water over a period of time, that your own power production would be stepped up; is that right?

Mr. O'BRYANT. That is right.

Mr. SAYLOR. Mr. Chairman.

Mr. HALEY. I will yield.

Mr. SAYLOR. You take the water out above the falls, don't you, and drop it down?

Mr. BAIRD. Yes.

Mr. SAYLOR. They do not take the water over the falls? You take the water out from above the falls, do you not? I was there and saw it.

Mr. BAIRD. We have a diversion canal taking out of both of the falls. There is some that goes over the falls, but most of it goes through our plant.

Mr. SAYLOR. The water that operates your turbines you take out above the falls, convert it and drop it through from the height of the falls?

Mr. BAIRD. That is right. That is where we get our head to run our machines, from the falls.

Mr. Chairman, there is one point we have not brought out. We have three powerplants at Idaho Falls, one 5 miles up the river and one 2 miles down the river from Idaho Falls. But they all operate under the same principle.

Mrs. PFOST. It is a falling water production rather than impounding water behind a dam; is it not?

Mr. BAIRD. They are what they call run-of-the stream powerplants.

Mrs. PFOST. That is the point I was not sure whether the gentleman from Pennsylvania was familiar with the tremendous fall in the river in the vicinity of Idaho Falls.

Mr. ROGERS. The gentleman from Colorado, Mr. Chenoweth.

Mr. CHENOWETH. Is Burns Creek to be a reservoir dam, Mr. Mayor?

Mr. O'BRYANT. Yes.

Mr. CHEOWETH. The gentle lady from Idaho said this was on the natural fall of the river. I did not get the location of Burns Creek.

Mr. O'BRYANT. Burns Creek is about 20 miles above Idaho Falls on the river.

Mr. CHENOWETH. You do not have a natural fall there, then?

Mr. O'BRYANT. Not at that point, no. A dam would have to be put in to impound about 234,000 acre-feet, as I understand it.

Mr. CHENOWETH. In Burns Creek?

Mr. O'BRYANT. Yes.

Mr. CHENOWETH. What is your capacity at Palisades?

Mr. O'BRYANT. The capacity of Palisades is—I should be able to answer that.

Mr. CHENOWETH. In comparison to Burns Creek, is it larger or smaller?

Mr. O'BRYANT. It is larger.

Mr. CHENOWETH. Considerably larger?

Mr. O'BRYANT. Yes. The total impounded water in Burns Creek would be about 234,000. I should be able to tell you to the foot what the other is. We have reclamation people here who can tell you.

Mr. CHENOWETH. Is it twice as much at Palisades?

Mr. O'BRYANT. Yes, it is more than that.

Mr. CHENOWETH. More than twice as large?

Mr. O'BRYANT. Yes. It is several times the capacity. It is 1,400,000 acre-feet.

Mr. CHENOWETH. This would be a comparatively small project compared to Palisades?

Mr. O'BRYANT. Yes.

Mr. CHENOWETH. Was Burns Creek an issue in the Palisades legislation?

Mr. O'BRYANT. No, I think not.

Mr. CHENOWETH. Considerable mention has been made of the matter here today, that you took Palisades, but the Bureau did not want to say anything about Burns Creek for fear you would lose Palisades. What is that all about?

Mr. O'BRYANT. I don't know anything about that. That never entered into my calculations on it at all.

Mr. CHENOWETH. When was Burns Creek first mentioned? When was the project originated or when was it first discussed?

Mr. O'BRYANT. It has been for a number of years now in our area, since the beginning of the construction of the Palisades Reservoir.

Mr. CHENOWETH. Is Palisades completed now?

Mr. O'BRYANT. Yes.

Mr. CHENOWETH. When was it completed?

Mr. O'BRYANT. A little over a year ago.

Mr. CHENOWETH. Was the agitation for Burns Creek started before Palisades was completed?

Mr. O'BRYANT. Yes, in our area.

Mr. CHENOWETH. Would you say that the two were more or less an integrated project and should have gone along together?

Mr. O'BRYANT. At this time, yes. But it had not been suggested at the earlier time, no.

Mr. CHENOWETH. Would you say a mistake was made when the two projects were not constructed at the same time?

Mr. O'BRYANT. I say now it would be fine if it could have been, but I also feel that there wasn't as great a need for it then and that is why it wasn't included.

Mr. CHENOWETH. What is your principal reason for this project?

Mr. O'BRYANT. The principal reason in my thinking is the amount of pump irrigation, requiring electricity for pumping downstream.

Mr. CHENOWETH. Some mention was made this morning that the farmers could not afford to pump and pay the rates which they now have to pay; is that correct?

Mr. O'BRYANT. I think in some areas it is very true.

Mr. CHENOWETH. What is the rate you have to pay?

We do considerable pumping in Colorado. Our people pay the regular, going rate.

Mr. O'BRYANT. I don't know what the rate is for pumping. I know about what the difference in the rate would be as far as our city electricity is concerned.

Mr. CHENOWETH. If Burns Creek should not be constructed, will these people continue to pump or will they abandon their farms?

Mr. O'BRYANT. I think some of them that are using private power will continue on, because they are growing potatoes, high-priced crops, that may keep them in the picture.

Mr. CHENOWETH. Will there be new acreage brought under cultivation if this project is constructed?

Mr. O'BRYANT. Not too much new acreage. It will be more or less supplementing the acreage now in.

Mr. CHENOWETH. Do you mean after the completion of Palisades you are still short of water for the lands under the Palisades project?

Mr. O'BRYANT. The evidence I think is there, that the amount of water that will be in Burns Creek has been oversubscribed by 40 percent.

Mr. CHENOWETH. Has all the Palisades water been used or purchased?

Mr. O'BRYANT. It has all been purchased and paid for. Those who have applied for the Burns Creek water will pay for it the minute they have an opportunity to.

Mr. CHENOWETH. The same people who purchased the Palisades water now want to purchase the Burns Creek water?

Mr. O'BRYANT. Largely so.

Mr. CHENOWETH. There will not be very many new purchasers?

Mr. O'BRYANT. I don't think very many. I think most of them will be supplemental to the acreage now irrigated.

Mr. CHENOWETH. Is Palisades filled every year?

Mr. O'BRYANT. It filled this year. Of course, this is the first year it has had an opportunity to completely fill.

Mr. CHENOWETH. It was filled this year?

Mr. O'BRYANT. In 1959. I am not thinking of 1960.

Mr. CHENOWETH. But last year?

Mr. O'BRYANT. Last year, yes.

Mr. CHENOWETH. What did you say the capacity was?

Mr. O'BRYANT. 1,400,000 acre-feet, yes.

Mr. CHENOWETH. That is a pretty sizable irrigation project.

Mr. O'BRYANT. Yes.

Mr. CHENOWETH. And you are still short of water, you say?

Mr. O'BRYANT. Well, it was drawn down considerably during the irrigating season.

Mr. CHENOWETH. Do you use all of this water during the irrigation season?

Mr. O'BRYANT. It wasn't completely emptied this year, it wasn't drawn clear down. But I am not in a position to tell you to what extent it was.

Mr. CHENOWETH. Did you lose any crops this year because of lack of water?

Mr. O'BRYANT. We didn't this year. This year and last year both, we would have lost the crops had it not been for Palisades.

Mr. CHENOWETH. I mean with the Palisades project in operation. You now have sufficient water to insure a crop?

Mr. O'BRYANT. We have had for the last 2 years. But if we continue with the trend that we have right now, we only have about 50 percent of the snow coverage in our watersheds that we normally have

at this time of the year, and if we would have 1 or 2 years like that, if we should go on that way, we could very easily be short of water in another 2 years.

Mr. CHENOWETH. You are not sure that you can fill Palisades every year?

Mr. O'BRYANT. No.

Mr. CHENOWETH. That is all, Mr. Chairman. Thank you.

Mr. ROGERS. Mr. McGinley?

Mr. MCGINLEY. No questions.

Mr. ROGERS. Mr. Langen?

Mr. LANGEN. No questions.

Mr. ROGERS. Mr. Burdick?

Mr. BURDICK. You said you had a contract with the Bureau. What is the power rate with the Bureau?

Mr. O'BRYANT. According to the rate schedule we have here, the demand is 0.75 per kilowatt, 75 cents per kilowatt, plus first 250 kilowatt-hours, monthly billing, at 3½ mills per kilowatt-hour, and all over that amount at 3 mills per kilowatt-hour. Wheeling charge by Utah Power & Light Co. at 1 mill per kilowatt-hour.

Mr. BURDICK. You have a contract with the Utah Power & Light Co.?

Mr. O'BRYANT. Yes.

Mr. BURDICK. What is the power rate there?

Mr. O'BRYANT. That first 100 kilowatts at $2, the next 200 at $1.90, all over at $1.65. That is the demand.

The energy is the first 1 million kilowatt-hours at 6½, all over at 5.4 mills per kilowatt-hour.

Mr. BURDICK. That is all. Thank you.

Mr. ROGERS. Thank you very much, Mr. Mayor.

In view of the time situation, I think the proponents now desire to have Mr. Trommershausen testify.

STATEMENT OF WILLIAM E. TROMMERSHAUSEN OF R. W. BECK & ASSOCIATES

Mr. TROMMERSHAUSEN. Mr. Chairman and members of the committee, it is a privilege to appear before this committee again and discuss reclamation problems. I will do my best to try to simplify some of the problems that have been seemingly complex.

Mr. ROGERS. You may proceed.

Mr. TROMMERSHAUSEN. My name is William E. Trommershausen. I am a partner and an executive engineer of R. W. Beck & Associates, utility analysts and engineers, with offices in Columbus, Nebr., and Seattle, Wash.

Our firm has been employed by the Snake River Power Association since February 1957 to make power supply studies and analyze certain of their contractual matters. This association is composed of REA-financed cooperatives, mutual companies, and municipal systems in southern Idaho.

PREVIOUS STUDIES FOR THE SNAKE RIVER POWER ASSOCIATION

The loads of the members of this association have historically grown faster than their estimates and since the close of World War II the

Bureau of Reclamation—called Bureau—has been continually adjusting its power supply arrangements to meet the increasing demands.

One recent arrangement of the Bureau was a partial integration by the Bureau of the Boise and Minidoka projects with the system of the Idaho Power Co. This arrangement ran into difficulty with a poor water condition in 1955 and 1956, with the result that the Bureau had to buy back some power from the Idaho Power Co. and apply a surcharge to the sales to the preference customers.

At this time, we were employed to see what other arrangements could be made to increase the power supply from the Bureau system to the preference customers. Particularly, the association desired to investigate the availability of seasonal or summer firm energy to meet the rapidly increasing irrigation pumping load.

The results of our study were set forth in a report dated October 23, 1957. If the committee desires, this report can be filed for reference only. In connection with the report, we also commented on the contracts between the Bureau and the Idaho Power Co. and the Utah Power & Light Co. on the Palisades project.

Our principal conclusion at that time was that the Bureau should reopen its contracts with the Idaho Power Co. so as to increase, by about 15,000 kilowatts, the supply of seasonal power to the preference customers. We also pointed out the desirability of enhancing further the power supply in southern Idaho by integration of the Bureau system and the Bonneville system.

These matters were the subject of a hearing before the Senate Committee on Interior and Insular Affairs in 1958. Early in 1959 steps were taken by the Bureau to reopen the contracts with the Idaho Power Co. in order to increase the power supply to the preference customers from the existing Bureau facilities. Bonneville had completed studies showing that under certain conditions the benefits of integrating the Bureau system in southern Idaho with the Bonneville system would be in the order of 13,000 kilowatts of firm power, a figure which we could confirm.

The Idaho Power Co. apparently did not wish to let its transmission facilities be used for an integration of the Bureau and Bonneville systems and found that by a more complete integration with their own system, the Bureau could sell to the preference customers an additional 15,000 kilowatts of year-round firm power and 15,000 kilowatts of summer firm power.

This arrangment was consummated last year and the additional power made available, thereby is expected to carry the preference customers to about 1963. This was one arrangement where everyone gained some real benefits. The preference customers received more power, the Bureau received increased power revenues, and the company received additional wheeling revenues.

No new capital costs were involved in new generation in order to increase the power sales to the preference customers. We have not been advised of the economic benefits to the Bureau by this arrangement, but would roughly estimate that they could be about $100,000 per year for the indefinite future. Whether these increased revenues have or can be applied against repayment of the Palisades and Burns Creek projects has not been investigated, but offer some interesting possibilities.

DISCUSSION OF BUREAU SERVICE AREA IN SOUTHERN IDAHO

I am certain that this committee understands that the Snake River is the only tributary of the Columbia River whose drainage area is not included in the Bonneville service area. The Bureau's Hungry Horse project in Montana is tied to the Bonneville system and the output of this power-producing project is marketed by Bonneville. Not only is there a geographical reservation of power for Montana, but the preference customers in this western Montana area enjoy the Bonneville rate and long-term power supply contracts.

In northern Idaho and down to the Salmon River, the preference customers purchase power from Bonneville. Congress recently authorized a transmission line from Redmond, Oreg., to Burns, Oreg., which will furnish power—through the Harney Electric Cooperative—to a small area in northern Nevada.

By contrast, an area which generally coincides with the outer limits of the service area of the Idaho Power Co. remains outside the Bonneville area and preference customers in southern Idaho are denied the benefits accruing to those customers who are so fortunate as to be situated in the Bonneville area.

I bring out this matter to show that different power marketing and rate policies are followed by the Federal Government in the same river basin. If southern Idaho was in the Bonneville service area and the line of demarcation between BPA and the Idaho Power Co.'s service area was erased by administrative action, the preference customers in southern Idaho would have more power and perhaps somewhat cheaper rates, while the financial security of the Federal investment in irrigation works would be assured.

While discussing the relationship with Bonneville area, there are two other matters that bear on problems of the Burns Creek proposal. Hungry Horse project is a power project built by the Bureau with revenues used to assist reclamation. The Dalles Dam is a 1,200,000 kilowatt multipurpose power and flood control project built by the Corps of Engineers, with a portion of the power revenues pledged to the Crooked River irrigation project in Oregon.

Chief Joseph Dam in Washington is a 1 million kilowatt-plus flood control and power project constructed by the Corps of Engineers, for which a portion of the power revenues are pledged to support the Greater Wenatchee irrigation project.

In all of these instances, I do not recall any concern that these major power-producing projects were used to provide some financial assistance to irrigation. It is somewhat surprising to find that some local opposition has now come from the Utah Power & Light Co. for a project in Idaho which has been generally following the historical pattern of development in the West and has won such wide approval.

Another matter that should be brought to the committee's attention is the fact that while the preference customers in southern Idaho are denied the benefits that may come under Bonneville's power marketing policies, the Idaho Power Co. does now, and has for several years, enjoyed the benefits that result from a major Bonneville connection.

The company now has a pronounced summer peak load and is able to purchase substantial quantities of summer energy from Bonneville,

delivered at 230 kilovolts at the terminal of the Pendleton-LaGrande line at 2½ mills per kilowatt-hour.

Bonneville has had a surplus of firm power for several years, a condition that is expected to last until about 1965, according to the 1959–69 "Power Outlook" report which was released by Bonneville in October 1959. So in the meantime any dump energy that the company purchases for 2½ mills from Bonneville will really be quite dependable from the standpoint of helping the company carry its summer loads.

POWER REQUIREMENTS OF THE PREFERENCE CUSTOMERS

There has been testimony by the Bureau that in 1958 the contract rate of delivery of the preference customers was 51,810 kilowatts. The actual peak load of the group in 1958 was 49,949 kilowatts. In 1959 the Bureau made plans to increase the combined contract rate of delivery to 82,000 kilowatts as a result of the new integration contract with the Idaho Power Co.

The combined estimates of the preference customer requirements for 1964–65 was 94,535 kilowatts. The Bureau would allocate only 82,000 kilowatts of this amount. According to records available to us, the 1957 and 1958 load increases of the cooperatives were about 15 percent per year. The national average is between 6 and 7 percent.

Based upon our knowledge of the area, we believe that the preference customers will again be short of power before the first unit of the Burns Creek powerplant can be put on the line, assuming the most optimistic construction schedule.

We would expect that the entire added firm capacity expected from Burns Creek would be absorbed by the preference customer load by 1970 or earlier. The current plan to stagger the installation of the three Burns Creek generating units will insure that large quantities of unneeded power will not be dumped onto the market to the detriment of other power suppliers.

NEED FOR IRRIGATION STORAGE

There is ample testimony in the record concerning the interest of the local irrigation in increased storage capacity on the Snake River as evidenced by the oversubscription of 50 percent reported by Mr. Lynn Crandall, formerly watermaster for the State of Idaho.

It should again be noted that this holdover storage is not for use on new lands. It is for use to protect the investment in existing farmsteads. Certainly there is merit in protecting, to the maximum extent possible, the present farmsteads for not only have investments been made in the farm, its buildings, livestock, and machinery, but there is considerable other public investment at stake such as schools, churches, roads, utilities, etc.

In the diversified agriculture practiced in southern Idaho, the farmers need to be assured of adequate feed supplies each year as they cannot profitably sustain livestock herds on imported and purchased feeds.

We note from the record that Mr. Lynn Crandall reports that Burns Creek is the last acceptable storage site on the Snake River in Idaho above the Milner Dam. We doubt that anyone would care to dispute

with Mr. Crandall on this matter, for who in Idaho has a more thorough knowledge of the Snake River?

With the need demonstrated by the oversubscription for water storage and Burns Creek being the last acceptable storage site in the area, what groups with an interest in sound resource conservation would deny the construction of this facility, and especially when byproduct power can repay the Federal investment, with interest, in a reasonable period of time?

There is now general agreement that soundly designed and constructed earth-filled dams will have a useful life well beyond any payout period now under discussion.

ALLOCATION OF COSTS TO IRRIGATION STORAGE

We have noted the $849,000 allocation to irrigation on Burns Creek made by the Bureau of Reclamation and deem it the most conservative allocation that could have been made. Our own experience before this committee on cost allocations has convinced us that there is no truly scientific method of allocating costs on multipurpose projects.

A great deal of judgment and commonsense must be used by the policymaking bodies in the evaluation of the cost allocations offered by engineers and economists. At best, the cost allocations which are offered do serve to give Members of Congress a point of reference for their deliberations.

We understand that the Bureau arrived at the $849,000 irrigation allocation by considering the 100,000 acre-feet of irrigation storage in Burns Creeks as an "incremental addition to Palisades storage." Other methods of allocation could be made which would assign to irrigation some $3 million to $4 million out of the total reservoir cost of $12,529,000, 1956 prices. In fact, the Burns Creek report indicates that the Bureau did give consideration to other allocation methods.

It is to be further noted that the Burns Creek Reservoir has 117,000 acre-feet of inactive storage, 100,000 acre-feet of irrigation storage, plus 17,000 acre-feet of reregulating capacity for power use.

The present Bureau allocation of $849,000 represents $8.49 per acre-foot of irrigation storage. By contrast, Palisades with about 1.2 million acre-feet of storage has an irrigation allocation of $18,590,000, or almost $16 per acre-foot of irrigation storage, almost twice as much as has been set for Burns Creek.

From the foregoing comparison, it seems clear to us that Burns Creek is far more of an irrigation project than is indicated by the size of the present $849,000 allocation to irrigation. In our opinion, entirely too much emphasis has been placed by some on the current irrigation allocation, which is a manmade figure, in a field of endeavor where not complete policy guides have as yet been advanced by the Congress to the executive agencies.

THE REREGULATION FEATURE OF BURNS CREEK

A great deal of discussion has taken place on the validity of considering Burns Creek and Palisades as an integrated operation, both hydraulically and financially. I have knowledge of about a half-dozen reregulating projects which have been constructed in the last 20 or so years by both the Bureau and the Corps of Engineers and

on not one was there such debate as has taken place on Burns Creek.

The main stem Missouri River plants, constructed and operated by the Corps of Engineers for the purpose of meeting on a balanced basis all planned public needs, resulted in the installation of Gavins Point Dam near Yankton, S. Dak. This dam, with an installed electric generating capacity about the same as planned for Burns Creek, was put into the system to smooth out the flow of the Missouri River below Fort Randall project as the economics of the situation dictated that at certain times Fort Randall would have to operate as a peaking plant.

On the Willamette Valley projects in Oregon, which have some irrigation storage, the same situation was found. Detroit, Lookout, and Cougar Dams were used at certain periods for peaking projects, with the result that the downstream fluctuations were deemed to be detrimental to fish life and caused hardship on those farmers who were pumping water from the river for irrigation purposes.

Without opposition, Big Cliff and Dexter reregulating dams were authorized and built and are in successful operation in Oregon. Strube Reservoir, the companion facility to Cougar Dam on McKenzie, is currently under consideration.

In California is found Keswick Dam—a reregulating structure built by the Bureau below its Shasta Dam. Davis Dam is a reregulating regulating dam below Hoover Dam—a Bureau project—on the Colorado River.

This sound engineering practice of using reregulating reservoirs has been so well accepted in all parts of this country for so many years past that we were certainly surprised to learn that on Burns Creek the matter is still debated.

We note that all of the aforementioned reregulating reservoirs include power-generating facilities, which are contributing to a repayment of the Government's investment therein.

The consideration of Burns Creek as a reregulating reservoir, without power and without conservation storage, as has sometimes been discussed before this committee, is turning the clock back when compared with successful multipurpose projects that the Congress has duly authorized in years past.

BENEFITS OF PALISADES AND BURNS CREEK PROJECTS TO AREA TRANSMISSION

We do not have access to network analyzer studies that may have been made of area transmission, but have considered the major transmission facilities that are shown on the most recent FPC map. We are quite certain the Bureau's hydro facilities have been and will continue to be very beneficial to the stability of the systems of the companies in southeast Idaho.

At the time that the Palisades project was put on the line and connected to the transmission grid of the companies at Goshen, Idaho, the Utah Power & Light Co. had in service an exceedingly long 161-kilovolt tieline between Anaconda, Mont., and Grace, Utah. The Idaho Power Co. had a lengthy 138-kilovolt line extending from central Idaho to the Goshen substation.

The local hydroplants at American Falls (IPC) and Idaho Falls (city) were not of a size that could contribute to the stability of the then-existing transmission facilities. The manager of the Fall River

Electric Cooperative has advised the Congress that the wheeling service offered by the Utah Power & Light Co. was not satisfactory from a voltage standpoint until the Palisades project was put into operation and tied to the company's system at said Goshen substation.

Recently the Idaho Power Co. constructed a 230-kilovolt transmission line between its middle Snake River hydroproject and American Falls, Idaho, probably for the initial purpose of exporting or interchanging some temporary surplus power to Utah. The Utah Power & Light Co. maintains a 138-kilovolt tie to the Idaho Power Co. at American Falls.

In our opinion, both companies will also find that the Burns Creek project will also serve to reinforce and stabilize the additional transmission facilities that have been placed in service. I would presume that the companies had previously arrived at the same conclusion for, in the Burns Creek report of the Bureau, House Document No. 147, dated April 4, 1957, page 16, under the caption "Transmission Service," is found the following important and significant statement:

> The Utah Power & Light Co. and the Idaho Power Co. are willing to wheel at reasonable rates the power and energy required by the Government's loads on the utilities systems in this area. The average annual cost of this transmission service will be $342,000 for the Palisades project without Burns Creek, and $569,000 for the combination of Palisades and Burns Creek powerplants.

The companies will not only have the system stability benefits that will come with Burns Creek, but will gain increased wheeling revenues as well. In view of the foregoing statement in the Burns Creek report, it is difficult to understand why the companies' attitude on Burns Creek has recently changed.

In our opinion, the Utah Power & Light Co. has understated its position when they testified that they were willing to accommodate the Bureau by purchasing the excess secondary and dump energy from the Palisades project, for we believe that an impartial review of operating records and transmission studies will show that both the company and the Bureau and the preference customers have benefited greatly by the Palisades interconnection now in service.

The record should further show that, according to the Bureau, the two companies were the biggest customers of Palisades power, having purchased 337 million kilowatt-hours out of some 528 million kilowatt-hours generated at the project in 1958.

The companies paid for the energy at the average rate of 2½ mills per kilowatt-hour, a portion of which was firm energy which was reserved and contracted for by the preference customers but not yet utilized by them.

RELATIONSHIP OF HYDRO AND THERMAL POWER

In the testimony on Burns Creek there seems to be an undue amount of testimony concerning possible conflict between Burns Creek hydro and Kemmerer thermal-electric generation. Traditionally there has always been great effort in the electric industry to properly and beneficially integrate hydro and steam and in the case of Flaming Gorge and Glen Canyon projects such studies are currently underway by the utilities in the area to achieve such integration.

The contention of the Utah Power & Light Co.—as expressed in previous testimony—that Burns Creek will unduly compete with the

power market for their Kemmerer steamplant must now be examined carefully in the light of recent events.

The first such event is the recommendation of the Bureau that the first generating unit in Burns Creek be installed as soon as possible under an economical construction schedule so as to meet the power market that will be available to the Bureau from its preference customers of long standing.

The second and third generating units would be installed in Burns Creek when the load of the preference customers warrant such installation; thus there will be no interference with the established markets of both companies.

The second important development was announced by the Utah Power & Light Co. in the October 12, 1959, "Electric World," on page 88, when the company and the Arizona Public Service Co. revealed plans for a major 230-kilovolt system intertie. The following quotations are taken from this article:

> Among the balancing factors to the hydrooutput at Glen Canyon are the U. P. & L. (Utah) steamplant at Kemmerer, Wyo., with ultimate capacity of 500 megawatts and the availability of steam power from APS' (Arizona) project at Four Corners (New Mexico).
>
> The Utah utility is a winter peak system while the maximum demand for APS comes in the summer. Load diversity promises economic advantages to customers of both firms when the exchange becomes operative.

The aforementioned development of a market outlet for the Kemmerer steamplant is further confirmed in a report entitled "Electric Utility Transmission System Study as Related to the Colorado River Storage Project," dated October 1, 1959, of which the Utah Power & Light Co. is listed as a participant.

The report discusses a planned 230-kilovolt transmission line between the Kemmerer steamplant and Ogden, Utah, extending to Flagstaff, Ariz., via Glen Canyon Dam. It seems clear now that the Kemmerer steamplant has a satisfactory market for its output to the south and Burns Creek hydrogeneration no longer poses a problem therefor.

If there remains any question on the potential market for Kemmerer steampower, one further contention of the Utah Power & Light Co. merits careful consideration.

In previous testimony the company apparently considered the preference customers of the Bureau to be its potential market. Now certainly the Minidoka area is not in the company's service area and the Snake River Power Association has shown that the majority of the preference customers are located in the service area of the Idaho Power Co.

Was it the plan of Utah Power & Light Co. to sell Kemmerer steampower in the service area of the Idaho Power Co., or was there an agreement between the two companies with respect to this matter?

In recent months there has been important recognition of the relationship of hydro and steampower. A special committee appointed by Secretary of the Interior Fred Seaton, and headed by Arthur V. Watkins—formerly Senator from Utah—completed a special report dated September 14, 1959, on the Federal power program in the Missouri Basin. The following important statement is found in that report:

As the demand for power increases, the hydropower produced by the Federal installations will be a progressively diminishing proportion of the total firm power needed to serve preference customers in the marketing area, and in time the hydropower developed at Federal installations *may well be used to a large extent for peaking purposes to supplement generation of power by other means.* [Italic supplied.]

In view of the foregoing, we are confident that after Burns Creek is constructed the interested groups will get together to work out a beneficial integration between hydro and steamplants in the area.

IMPORTANCE OF PUMPING POWER

The regional director of the Bureau has testified that the requirements for pumping power by the individual farmers were not fully appraised by the Bureau engineers at the time that the Palisades project was originally developed. Had this market been fully understood, Burns Creek, which would add to the supply of summer pumping power, may have been developed as a Palisades-Burns Creek project.

Let us, therefore, examine into this situation further. The Bureau engineers in Idaho have currently used pumping plants wherever such installations would be more economical than lengthy gravity canals for the surface irrigation systems. The power requirements for these installations could therefore be estimated with a reasonable degree of accuracy.

On the other hand, individual farmers, who found an adequate supply of underground water, proceeded to develop and finance their own irrigation installations. For such a group it was a most difficult task to compute their future power requirements. A trend, however, has now been established in this regard and the potential requirements of summer pumping power are now better understood.

The cost of pumping power is a major consideration in this program. Mr. Harold Nelson, regional director of the Bureau, has testified that pumping service on Utah Power & Light Co. rates would cost $10.40 an acre for power alone and that Kemmerer plant output could not be economically used by the irrigators for deep-well pumping.

In this regard, we recall that the Bureau determined that the payment capacity of class I and II lands in the fertile Platte Valley in central Nebraska was $10.35 an acre—and that amount was the maximum that the land could pay for water delivered to the head gate.

Although we have not studied the Idaho lands to be irrigated by pump irrigation, we are generally familiar with the area. We do not see how farmers can pay $10.40 an acre for power and then provide a well, a pumping plant, irrigation pipe, and ditches and compete with those farmers now buying surface water from existing Bureau projects. We conclude that consideration should therefore be given to the availability of and cost of pumping power in southeastern Idaho.

We are conscious that economical pumping power is an excellent tool with which a farmer with a dependable supply of underground water on his property can proceed to develop and finance his own irrigation development without asking the Congress to provide capital funds for major irrigation works.

This has been dramatically proven in Nebraska where more than a million acres of land are now irrigated by pumping, with the only assistance from the Federal Government being in the form of low-cost summer pumping power from the Missouri Basin hydro system.

Burns Creek, when authorized and constructed, can provide additional and valuable summer pumping power and thereby make a substantial contribution to the economic future of southern Idaho. The additional summer pumping power thus developed will permit more irrigation development of favorably situated lands by the individual farmowner without requiring new capital investment by the Federal Government. In this report, Burns Creek and its power output can be considered to be a vital integral part of the reclamation program in Idaho.

Mr. ROGERS. Do you mean by this current subject you are discussing allocating to irrigation the power to pump underground water?

Mr. TROMMERSHAUSEN. That is correct, sir.

REPAYMENT OF GOVERNMENT INVESTMENT IN BURNS CREEK

The studies of the Bureau of Reclamation have made it clear that the building of the Burns Creek project to be operated in conjunction with Palisades is a good investment for the Federal Government from a dollars and cents standpoint. The net revenues from Palisades, according to the Bureau, will be almost exactly doubled by the addition of Burns Creek.

The net revenues for Palisades operated by itself being currently estimated by the Bureau of $1,147,800 and the net revenues from the combined project being estimated at $2,294,800. By examination of the Bureau's studies there is no question but that the Government's investment in Burns Creek will be repaid.

Mr. ROGERS. Would you recite the payout period?

Mr. TROMMERSHAUSEN. The payout period used by the Government, sir, is that under their plan, with generators deferred, you could pay out all of Burns Creek in 54 years, and you would pay out all of Palisades in 62 years.

If you didn't defer the generators, you could pay out all of Burns Creek in 50 years and the remaining irrigation on Palisades in 58 years.

Mr. ROGERS. How much, dollarwise, is the remaining irrigation?

Mr. TROMMERSHAUSEN. Sir, I just have a summary table. I do not have the large payout sheet. But I do assume from this that the sale of power without peaking and without taking integration and these other benefits that yet may come and produce more revenues, considering the $100,000 we are getting from the other integration that the Bureau is getting now, will pay out the power facilities in about 50 years and will pay out the balance that is charged to irrigation in another 8 to 10 years.

The significant thing is that because you double the firm output by combining the two projects and you do not double the total investment by building Palisades and Burns Creek, the addition of Burns Creek at $45 million does not double the original investment in Palisades which, of course, is now at $63 million.

Mr. ROGERS. The payout situation as you have recited it is not in compliance with the general reclamation laws at the present time, is it?

Mr. TROMMERSHAUSEN. The problem here is the starting date. Remember, you have the flexibility in reclamation law that it is 50 years from the last block of land that comes in. How do you apply the last block of land theory to some of these new lands coming in by pumping to the use of holdover storage?

When I got into that phase of it, sir, I found it a very complex problem, and I could not find the proper starting point. The significant thing is that if it pays out in that period with the combined projects, you will have net revenues to the Government after all the power and irrigation have been paid of about $2,200,000 a year—you would have that for the benefit of the General Treasury after that time.

Mr. ROGERS. The point is this: The bill itself would need to spell out the authority for such payout period, don't you think? You would want the bill to do that.

Mr. TROMMERSHAUSEN. Sir, I have not given the construction of this bill the attention that would be merited to answer your question. Of course, the cost of power from a project like this is simply related to the number of years.

If you decide to charge a rate to pay it out in 50 years, you come up with one answer, naturally; and if you go for 56 or 58, naturally you come up with another answer.

Mr. ROGERS. If you rearranged the payout period so that it would come within the 50 years period from the commencement of construction, would this project be feasible?

Mr. TROMMERSHAUSEN. It would be feasible on the basis that you would raise the rates to this group of preference customers, in my opinion. I feel that, again, since we can't consider all the other benefits that may flow from it, I am certain it would not raise the rates above the cost of an alternate source of power for the area.

Mr. ROGERS. You may proceed.

Mr. TROMMERSHAUSEN. The opposition to the authorization of Burns Creek have attempted to make much of the fact that the time of completion of the repayment of the irrigation costs of Palisades which will be repaid from power revenues will be postponed for 25 years. This is true only because following the established practices of the Bureau, the interest-bearing power costs of the combined project will be paid off before the non-interest-bearing irrigation costs of either project is paid off out of power revenues.

This has been the historical practice of the Bureau. The problem in the current analysis arises only because the combined Palisades-Burns Creek project was not built originally.

If Burns Creek were not to be built for 20 more years, then the completion of the repayment of the irrigation costs of Palisades would be postponed for 45 years rather than 25 years.

It must be remembered, however, that the application of the revenues to the repayment of one cost rather than some other cost is actually only a bookkeeping transaction. The important thing from a business viewpoint and from that of the taxpayer is, What is the final overall dollars and cents effect on the Government?

From this viewpoint, it is clear that adding Burns Creek to Palisades is the thing to do. Although the total investment of Palisades and Burns Creek is less than doubled, the net revenues to the Federal Government are doubled. After both power and irrigation costs of the combined project are paid off there will be an additional net profit to the Government of $1,147,800 each year which would not be earned if Burns Creek were not built. This net profit will continue into the indefinite future.

Mr. ROGERS. The gentlewoman from Idaho, Mrs. Pfost.

Mrs. PFOST. I will reserve my time.

Mr. SAYLOR. Did you say in your last statement that you would not raise the rates above the equivalent of another source of power?

Mr. TROMMERSHAUSEN. No, sir; I did not say I would not raise the rates. I said I believe that I have not made a study, but I am giving you a judgment answer, that I do not believe that if you paid this out in 50 years, after we got credit from all the other benefits that would work into this, from integration, from sale of peaking, I am sure that the rates would not be above the cost of competitive power in the area, which has been quoted in the Senate testimony, which we have checked, at about 5.4 mills a kilowatt hour.

Mr. SAYLOR. What are these other benefits you are going to work in? Let's find out what they are. I like these boys that reach out and pick out things from the air. I like to nail them down so we will know what we are going to have.

Mr. TROMMERSHAUSEN. Yes, sir.

I mentioned that there is a definite transmission benefit, stabilizing transmission, to add a plant the size of either Burns Creek or Palisades to a long transmission system. I can't give you a formula today to determine how much that is worth to the area. The Bureau should negotiate that in a bargaining session.

Mr. SAYLOR. The result of that statement, as I gather it, is in your opinion as an engineer, this has some value, but there is no formula that you know of that the engineering societies have come up with that you can give this committee to apply to this project?

Mr. TROMMERSHAUSEN. I would say that there is no simple formula.

Mr. SAYLOR. Simple or complex, is there one?

Mr. TROMMERSHAUSEN. Those matters have historically been arrived at by negotiation and sharing of the benefits.

Mr. SAYLOR. All right, that is one. What is the next thing that you are going to charge up to this project?

Mr. TROMMERSHAUSEN. I mentioned, did I not, the sale of peaking power, which is available, according to the Bureau of Reclamation, because of the combined operations, for which there is no present market, and which has not been considered in developing the revenues for this project.

Mr. SAYLOR. Do you mean to tell me that all of these REA's and co-ops and municipal organizations that have appeared here, that have hired you, don't have any market or don't provide a market for this peaking power, and we have to find these terrible public utilities? That is the only other group that I know of that could buy it.

Mr. TROMMERSHAUSEN. Congressman Saylor, the people we represent here today do not have generation. Peaking must go with genera-

tion. Until they come to the point in their development where they would add generation, the market for peaking power for the Bureau will have to be elsewhere.

It would be with those utilities that do have generation and which can use peaking beneficially.

Mr. SAYLOR. You have heard a representative of Idaho Falls say they have some generating capacity down there. You heard the mayor of Burley say that they had their own system down there.

I am sorry; Burley does not have generation.

Mr. TROMMERSHAUSEN. They do not have it and we do not represent Idaho Falls and Burley. So I cannot help you bridge the gap at that point.

Mr. SAYLOR. Is there anybody else in that area that you know of that can take advantage of this peaking power?

Mr. TROMMERSHAUSEN. None except the utilities, sir.

Mr. SAYLOR. Just the utilities?

Mr. TROMMERSHAUSEN. That is right.

Mr. SAYLOR. And that is the same group that takes the peak power as takes the dump power?

Mr. TROMMERSHAUSEN. That is right.

Mr. SAYLOR. Without the sale of the peaking power, and without the sale of the dump power and a ready market for it, this project does not look very good, does it?

Mr. TROMMERSHAUSEN. I haven't made that economic analysis, sir, but, of course, if you cannot sell as steam replacement the secondary and dump energy that comes from a hydro system, you don't have as good a proposition as if you can sell it. That is evident.

Mr. SAYLOR. Mr. Trommershausen, your figures and mine do not jibe at all, but that doesn't surprise me at all as I have disagreed with other engineers. I have learned my arithmetic back here in the East. I found that if I borrowed money and I didn't pay it back, if I didn't pay the interest on it the first year, I had interest on interest to pay.

So I have found that such a thing as compound interest is something that is very much of a reality if you go out to borrow money. I made a little analysis of the Bureau figures. I made a survey of the initial cost of this project, the Burns Creek project, and the power features as specified by the Bureau of Reclamation and figured out the interest on costs during construction, and I came up with a figure of $47,467,000.

According to the Bureau's own estimate, the testimony that they have submitted, if this Burns Creek is built and integrated with Palisades, the net revenue for Burns Creek will fail by $277,000 to meet the interest annually upon that $47 million.

Since this is going to be for a project of 50 years, I compounded that at 3 percent and I came up with round figures of $31 million. So now I have the cost of this Burns Creek project up to $78 million. Since we are not going to pay out the Palisades part of the project, which is allocated to irrigation until after the power features are paid out, I added an interest cost of three percent compounded as a result of postponing for 36 years the scheduled repayment from Palisades revenue for irrigation. That brought me to another figure of $41,500,000, or a total in round figures, believe it or not, of $120 million.

I would like you to take a look at that.

Mr. TROMMERSHAUSEN. Sir, I could not possibly follow your mathematics sitting here, nor could I, with my background, attempt to make a brief computation of the economics on a project of this magnitude. I believe that you have not followed the traditional Bureau of Reclamation payout method, which is the method we have used in the conclusion I gave you.

If you would like me to check another method, and if you will give me a complete set of assumptions, I will be pleased to do it.

Mr. SAYLOR. The conclusions from the method that I followed happen to be the system followed by the Treasury Department, that finances these projects, and who has to raise money.

Mr. TROMMERSHAUSEN. That may very well be, sir.

Mr. SAYLOR. They estimate that this project, this Burns Creek, is going to cost around $120 million. It seems astounding that engineers can come out and find out that this project which the Bureau themselves says is going to fail by $277,000 with interest at 3 percent to meet the annual costs of this thing at 3 percent.

Mr. TROMMERSHAUSEN. I cannot understand that statement. I have not seen that figure, sir.

Mr. SAYLOR. I will be glad to show it to you after this is over, after this hearing, to show you just where we have taken it from.

Mr. TROMMERSHAUSEN. But, again, may I say, that the method we have used on other irrigation projects, not only this one, is the customary Bureau of Reclamation method, whereby you pay out your interest debt first and when you have completed that, then you pay off the non-interest-bearing debt.

If the Congress in its wisdom is going to change the method of financing multiple-purpose irrigation projects, of course, engineers would have to use another formula.

Mr. SAYLOR. Will you concede the fact, Mr. Trommershausen, that if the Palisades project is left as it is now constructed, that at the end of the 50-year period there will be in the Treasury a surplus of better than $30 million?

Mr. TROMMERSHAUSEN. I will not agree to the figure because I do not have the payout study before me.

Mr. SAYLOR. Well, they are the figures, Mr. Trommershausen, that the Bureau of Reclamation submitted back in 1949 to this committee as justification for the building of Palisades.

Mr. TROMMERSHAUSEN. I would agree under the assumptions you have stated that there would be a sizable surplus.

Mr. SAYLOR. Very frankly, I am not trying to trick you up. I wouldn't ask you to make any assumptions as an engineer. I respect you. I have known some of the people who have hired you, and as an engineer I can tell you very honestly you enjoy a very excellent reputation.

Mr. TROMMERSHAUSEN. Thank you, sir.

Mr. SAYLOR. One of the things I am bothered with is I have come to some entirely different conclusions by applying some simple eastern mathematics that 2 plus 2 always equals 4, even in the Bureau of Reclamation.

Mr. TROMMERSHAUSEN. Perhaps, Congressman Saylor, you do not look upon these multipurpose projects as broadly as engineers working in the conservation field. Let's look back at that stretch of the

river and let's assume that we had information some 30 or 40 years ago that you have now about the need for irrigation and the limited supply of water in the upper river.

It is possible that if it was recommended and Congress agreed that you should develop that stretch of the river, you would probably have put in Minidoka, American Falls, Palisades, Burns Creek; that is, put in a new reservoir every 10 years and on that basis you would have brought the power supply into the area on a scheduled basis, you would have taken care of the water, and I think that perhaps, under that arrangement, if you had seen the whole river development as one picture, you would have averaged up the costs and you wouldn't have to go through all the gymnastics that you now have to go through when you stagger these projects.

Mr. SAYLOR. There is one other question I might ask.

You made a statement that you were not going to challenge the statement of Mr. Crandall.

Mr. TROMMERSHAUSEN. That is right, sir.

Mr. SAYLOR. Do you know that the Bureau of Reclamation is asking for, this year, money to complete studies on the Narrows project, a short distance upstream from Burns Creek?

Mr. TROMMERSHAUSEN. Congressman Saylor, I am sorry I did not make the proper emphasis in my sentence on this subject. Lynn Crandall stated, and so did I in repeating his statement, that he was speaking of the stretch of the Snake River in Idaho.

The Narrows is in Wyoming. I have talked to our clients prior to this hearing and they say there are some problems on the Narrows, many problems which have come up with these reservoirs between States, and the irrigators are not ready to agree that the Narrows will solve the Idaho water storage problem.

May I say that the Bureau should be asking for money to study the upper Snake River in Wyoming, because if there are some additional storage sites that prove economical, I am sure the Congress would want to know about them. It costs money to make engineering studies, and it is a sound thing to do in my opinion, sir.

Mr. ROGERS. Let the Chair make this observation.

We have already gone 30 minutes overtime, and I think that it is best that we do recess at this time until in the morning.

However, before we do that, Mr. Trommershausen, on the first page of your statement you say that there is a certain study dated October 23, 1957, which you will make available to the committee. A request has been made for that. If you would furnish that for the files, we would appreciate that.

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HALEY. The gentleman from Pennsylvania has been here much longer than I am, and I am sorry he hasn't figured out by this time that two and two do not make four in Washington.

Mr. ROGERS. With that, the meeting will stand adjourned until 9:45 in the morning, at which time Mr. Trommershausen will be recognized for further questioning by the committee, immediately following which we will hear the opposition witnesses.

(Whereupon, at 4:30 p.m. the subcommittee recessed, to reconvene at 9:45 a.m., Tuesday, February 16, 1960.)

BURNS CREEK PROJECT, IDAHO

TUESDAY, FEBRUARY 16, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 9:55 a.m., pursuant to adjournment, in the committee room, New House Office Building, Hon. Walter Rogers (chairman of the subcommittee) presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for the further consideration of the business pending before it.

Mr. Trommershausen, I believe you were at the witness table, if you will take the chair again, Mr. Saylor will continue his questioning.

STATEMENT OF WILLIAM TROMMERSHAUSEN, ENGINEER, SNAKE RIVER POWER ASSOCIATION, IDAHO—Resumed

Mr. TROMMERSHAUSEN. Yes, Mr. Chairman.

Mr. SAYLOR. Mr. Trommershausen, on your left is a chart, the lower portion of which indicates the operation of the Palisades in accordance with the act which Congress passed several years ago. You will notice that at the end of a 50-year period this indicates that there will be surplus in the U.S. Treasury from the operation of the Palisades of $30 million plus.

To the best of your knowledge and information from your study of the records, is that a correct picture of the operation of the Palisades?

Mr. TROMMERSHAUSEN. Congressman Saylor, I have not made a detailed check of the payout analysis. I cannot verify that this study made by the Utah Power & Light Co. is in conformance with the payout analysis of the Palisades project. I have read——

Mr. SAYLOR. Let me ask you. Mr. Trommershausen, you came here yesterday and told us you had been retained by your constituents and that you had made this survey and that you had come to certain definite conclusions with regard to the construction of Burns Creek and Palisades.

Mr. TROMMERSHAUSEN. That is right, sir.

Mr. SAYLOR. Now you could not come to that conclusion without having studied Palisades; could you?

Mr. TROMMERSHAUSEN. Congressman Saylor, what I was first trying to tell you is that I have not checked the calculations that are back of this chart.

Mr. SAYLOR. Then, let me ask you the same question in another way. In arriving at the figures that you gave us yesterday, did you make a study of the operation of the Palisades?

Mr. TROMMERSHAUSEN. In coming to that conclusion that I stated yesterday, I relied on the studies made by the Bureau of Reclamation and their testimony before the Senate.

Mr. SAYLOR. When? What testimony before the Senate? Now that is an awfully broad statement.

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. SAYLOR. Let us pin the Bureau down a little bit.

Mr. TROMMERSHAUSEN. Their testimony, sir, before the Senate last year.

Mr. SAYLOR. On the Burns Creek project?

Mr. TROMMERSHAUSEN. On the Burns Creek project.

Mr. SAYLOR. That being the case, take a look at the chart at the top marked "Chart B." That chart shows that were Burns Creek and Palisades integrated by the year 2015, there will be a surplus of $1,776,000. Does that check with the figures that you used?

Mr. TROMMERSHAUSEN. That chart complies generally with the table that we relied on which included in the Senate Report No. 439.

Mr. SAYLOR. And that chart then would reflect, with some minor variations, maybe, the same figures you relied upon in coming to your conclusions?

Mr. TROMMERSHAUSEN. That chart, sir, basically was the data used to arrive at the conclusions that I stated that this project would pay out within the reasonable payout period and at the end of the period the Government would have in addition to that surplus which I didn't mention by name, would have a facility with an earning capacity twice as much as they would have had had they had Palisades alone. That is my testimony.

Mr. SAYLOR. Mr. Trommershausen, we had two witnesses yesterday afternoon representing two municipalities, neither of which you represent. I think that is correct.

Mr. TROMMERSHAUSEN. That is correct.

Mr. SAYLOR. One of the mayors said that he felt that the Federal Government had a utility responsibility to their town and the other said that he did not feel that the Government had that responsibility. What is your belief in this matter?

Mr. TROMMERSHAUSEN. Sir, my answer to that question would be a qualified "No." When I say I wish to qualify the answer, these people have been given criteria which I say could lead Mayor Salmon into the conclusion that he stated. And may I read from a document that I am certain is in the record. That is a memorandum prepared by Harvey P. McPhail, acting Commissioner of Reclamation, approved by Fred G. Aandahl; the memorandum is dated December 1, 1953, concerning the power marketing criteria of the Bureau.

At that time, there was a problem concerning how the Bureau was going to dispose of future surplus power. I will quote from section 7 of that memorandum:

> The available power will be disposed of in the following priority of consideration: present power commitments, requests of customers which can be served from present facilities and arrangements, and requests for power requiring new facilities or arrangements.

And then this is the paragraph that might have guided Mayor Salmon. I am saying I do not know whether it did, but this information was before all of these preference customers.

The existing contracts of all preference customers and of those nonpreference customers that serve communities which by long use have been dependent upon such power (meaning Federal power), to the extent requested by the customer will be amended to extend the term thereof.

That is why I gave a qualified "No."

As the record shows, the principal preference customers that we are serving in the Pacific Northwest—we are trying to get them into generation and were trying to get them into generation before Bonneville says it will be out of hydropower and I can cite a half-dozen cases, I am sure the Congressman well knows of these. I want to point out here that this criteria for which covers the distribution of Federal power to the preference customers approved by Secretary Aandahl, I can see how some preference customers, not particularly well situated with respect to steam or hydro of their own could say that if the Government felt that any area that had been dependent upon Federal power should have extended contracts that perhaps these should. That is my answer, sir.

Mr. SAYLOR. Were you in the room yesterday when I read to one of the witnesses the statement from the General Accounting Office——

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. SAYLOR. Showing that Bonneville Power Administration durthe past 2 years lost $10 million?

Mr. TROMMERSHAUSEN. I heard you read part of a letter, sir, from the Comptroller General.

Mr. SAYLOR. In view of your background and your prior employment, do you have any comments to make on that? I will leave that entirely up to you.

Mr. TROMMERSHAUSEN. Sir, I think for the benefit of this committee that either the entire letter should be read, or the committee should have further information concerning the status of Bonneville's payout, because at the time I left the Government service, Congressman Saylor, the records that were published indicated that Bonneville had collected net revenues beyond what was needed to meet their payout schedule in the amount of some $70-odd million.

And in the discussions I heard in the Northwest in recent years, and I heard these, the question was whether or not the Federal Government could go back and rely on that surplus that had been paid into the U.S. Treasury for a few years, when they would be operating in the red on an annual basis for the simple reason they were in a period when they had surplus power for which there was no market. I think the committee should have the entire picture, not just the fact that Bonneville was in the red $10 million over the past 2 years.

They are entitled, sir, I think to know the entire payout problem and what considerations the Secretary took into account when he decided that they would hold the Bonneville rates where they are for another 5 years.

Mr. SAYLOR. Might I ask you now, as a representative of R. W. Beck & Associates, what your recommendation would be to any group of stockholders that came to see you with regard to what action they should take if the board of directors of a going concern shows during the past 2 years they had lost $10 million?

Mr. TROMMERSHAUSEN. Congressman Saylor, the Bonneville power operation is not in the nature of a private corporation. That area has certain responsibilities to the Northwest, they are operating under

arrangements which I understand this Congress has approved from year to year over the last 20 years, and as I will mention again, as I understand it, the deficit is primarily the result of having more firm power to sell than there is a market for.

In regard to your question as to what I would say if a private corporation came to me, I might say that no such corporations have come to us because we have viewed this problem throughout my professional time from the standpoint of the operation by public agencies, as you well know.

Mr. SAYLOR. In other words, R. W. Beck & Associates do not handle any private business?

Mr. TROMMERSHAUSEN. We handle industrial.

Mr. SAYLOR. What?

Mr. TROMMERSHAUSEN. Yes, sir; we handle some industrial business. But it is mostly municipal sewer, light, water, and power works.

Mr. SAYLOR. That is all, Mr. Chairman.

Mr. ROGERS. Mrs. Pfost?

Mrs. PFOST. I believe I understood my colleague from Pennsylvania to say that the chart that is before us shows there would be a surplus of over $30 million at the end of the payout period for Palisades alone. I should just like to call to the committee's attention on page 24 of the Palisades Dam and Reservoir project report which was signed by Mr. R. J. Newell, regional director of the Bureau of Reclamation, which is under the title of "Payout Details," and I shall quote from the report:

> that the revenues thus estimated are expected to amount to $1,175,400 annually after the project is fully developed. The total power revenues during the repayment period would be $64,526,000, leaving a surplus of $436,900.

Mr. Chairman, I wanted to clarify that particular point which the Bureau of Reclamation brought out in the Palisades hearing.

Mr. ROGERS. The Chair recognizes the gentleman from Florida, Mr. Haley.

Mr. HALEY. Mr. Chairman, may I at this particular moment, reserve my time and have you come back to me?

Mr. ROGERS. Mr. Hosmer?

Mr. HOSMER. I will reserve my time.

Mr. ROGERS. Mr. Sisk?

Mr. SISK. No questions.

Mr. ROGERS. Mr. Chenoweth?

Mr. CHENOWETH. You referred in your report to the allocation cost to irrigation of $849,000.

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. CHENOWETH. You indicated you do not think this figure is realistic. The total cost of the project is how much?

Mr. TROMMERSHAUSEN. The total cost of the project in round figures is $45 million.

Mr. CHENOWETH. And $849,000 irrigation does not show a very strong interest in irrigation in the project, does it? If that is the right figure.

Mr. TROMMERSHAUSEN. Sir, the $849,000 allocation to irrigation is, as I stated yesterday, the most conservative allocation that could have been made. There are many formulas that could have been used and have been used traditionally in reclamation to try to separate the multi-

ple-purpose costs of a project to allocate it down to a specific feature.

Mr. CHENOWETH. How much is charged to flood control?

Mr. TROMMERSHAUSEN. In this project there is no allocation to flood control, sir.

Mr. CHENOWETH. Is the rest of it all power, then?

Mr. TROMMERSHAUSEN. The rest of it is power.

Mr. CHENOWETH. You are aware of the criticism of the project is that it is essentially a power project rather than an irrigation project.

Mr. TROMMERSHAUSEN. If you view it simply from the arithmetic, you would get that impression. But I tried to help the committee yesterday by telling them that in my experience, other methods of allocation could have been used that would have allocated three or four or perhaps five million dollars to irrigation based upon another method of allocation and that, furthermore, the present methods of allocation in the Green Book that are used to measure your fine reclamation programs do not take into account the benefits that come from the use of pumping power that is produced from these projects.

Mr. CHENOWETH. But by the usual method of allocating irrigation costs you think you might bring the figure up to as high as $5 million?

Mr. TROMMERSHAUSEN. That would be an extreme ceiling. I would say $3 or $4 million based upon the conventional method and, if we can find the method to take into account the benefit of pumping power to the pumping people, the figure could go higher.

Mr. CHENOWETH. That would not be the conventional method, would it?

Mr. TROMMERSHAUSEN. No. But so many farmers in areas where they have ground water aquifiers prefer to have a reasonable source of power and go ahead with their development without coming back to the Congress for irrigation loan. We have the same problem in Nebraska.

Mr. CHENOWETH. Is the problem peculiar to this area, and something unique as far as irrigation costs are concerned? I have never heard that approach mentioned before.

Mr. TROMMERSHAUSEN. Maybe I can make myself better understood if I recommend to you that, because there is a growing interest in areas where there is adequate ground water for farmers to develop individual farm projects rather than Bureau projects. The only assistance that you would be giving them is low-cost pumping power. You are not making capital investment for canals and so forth.

Mr. CHENOWETH. When you say low-cost pumping power you mean low-cost power.

Mr. TROMMERSHAUSEN. The cost of pumping power is the key to well irrigation.

Mr. CHENOWETH. We do considerable pumping in my district.

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. CHENOWETH. And they pay the going rates there for power. They have brought in new areas raising sugar beets and other highly cultivated crops where irrigation is required. It is not a problem peculiar to Idaho.

Mr. TROMMERSHAUSEN. No, perhaps not; but the cost of pumping power, the cost of pumping water depends on the depth of the well. You have to take that into consideration in any area in trying to work out the economics of pumping.

Mr. CHENOWETH. As I get your philosophy you propose a straight power project, and the amount of the power used for pumping is charged to the allocation for irrigation.

Mr. TROMMERSHAUSEN. You have gone a little beyond me, sir. I have never contemplated a 100 percent power project built by the Bureau that would get its benefits in that way; no, sir.

Mr. CHENOWETH. You do not go that far?

Mr. TROMMERSHAUSEN. I do not go that far.

Mr. CHENOWETH. But you are very close to it here.

That is all, Mr. Chairman.

Mr. ROGERS. Mr. Saund?

Mr. SAUND. No questions.

Mr. ROGERS. Mr. Langen?

Mr. LANGEN. Mr. Chairman, I have listened with diligence to all of the testimony that has taken place up until this point and still find an area or two that are puzzling to me. Possibly you can help clarify something for me.

To begin with, may I ask when was the Palisades project completed and in full operation?

Mr. TROMMERSHAUSEN. I think the first full year the reservoir was completed was 1958. If that is near enough for your present base, that is if you want the precise figure, you should get it from the Bureau of Reclamation. Let's say 1958.

Mr. LANGEN. That is when it went into reasonable full operation?

Mr. TROMMERSHAUSEN. That is right.

Mr. LANGEN. I notice the testimony bears out, that already there seems to be a shortage of water for irrigation, there seems to be a shortage of power. Has that been brought about because of wrong estimates or something, with regard to the Palisades project in the first place? This seems to be very soon after its completion to be experiencing these shortages.

Mr. TROMMERSHAUSEN. I think I can help you partly on that and the Bureau of Reclamation will have to go the rest of the way, sir.

At the time that they took subscriptions for storage water in the 1,200,000 acre-foot Palisades Reservoir they found the lands in existence at that time needed 300,000 acre-feet more of water than was available in Palisades. Naturally, when you get into that kind of a situation an agency such as the Bureau charged with the responsibility of trying to store valuable water, you start looking around. They had had in the planning stage under consideration, at that time, based upon a recommendation from the Federal Power Commission, another reregulating dam below Palisades and they decided to build a 100,000 acre-feet of storage into it, sir.

Mr. LANGEN. But I understand there are to be no new acres added in the irrigation projects, that basically we are going to be irrigating the very same acreage.

Mr. TROMMERSHAUSEN. With the stored water, that is right, sir. But with the pumping, the summer pumping power that is to be generated at this project, because as the water is released from the dam for the irrigators below, the water released produces power during the same period that it is being released down to the irrigation ditches, and it is that pumping power that is to be available to pump for new lands, sir, because in some areas there is an abundance of underground water at varying depths.

It is true that the 100,000 acre-feet of stored water is insurance to help existing lands that do not have enough water. The byproduct summer pumping power that is to be available from the project will permit new lands to be brought in, sir. From 100,000 to 140,000 acres, depending on the depth of well pumping.

Mr. LANGEN. You say it will permit it to be brought in. There are no plans for that, however.

Mr. TROMMERSHAUSEN. Sir, there does not have to be plans for that phase as if the individual farmer brings in this additional acreage, simply by taking water that is under his land and all he needs to get it in use is pumping power. Does that answer your question?

Mr. LANGEN. Yes; I think I understand that, that in many instances they are going to be pumping out of wells for purposes of irrigation which might be an individual project on one particular farm.

Mr. TROMMERSHAUSEN. That is right.

Mr. LANGEN. I understand that. Now in connection with that, and while there are demands for that kind of power, certainly there has been testimony here, too, there are other power needs, as the mayors of respective towns testified yesterday and there again seems to be a need for additional power coming now within 2 years after the completion of the Palisades project. Is that not right?

Mr. TROMMERSHAUSEN. That is right, sir. And you can well understand how well seasoned that irrigation development in Idaho has become when you heard the testimony about these new potato plants going in, starch plants making alcohol out of potatoes, and so forth. When agriculture in an area gets to the point where you start processing plants, not just shipping produce out, the power needs grow very rapidly and, as I testified, the loads historically, as I understand, for these preference customers have been too low and I feel they are still too low.

Mr. LANGEN. That leads to the next question. Supposing the project does become a reality, how long is this project going to be able to supply sufficient power and sufficient water to the area? Or are we going to experience again within a few years further demands?

Mr. TROMMERSHAUSEN. I have not looked far enough into the future of Idaho and Wyoming reclamation to give you a qualified professional answer on that. I testified that the combined output of the Burns Creek and Palisades, when properly integrated, should carry this group to 1969 or 1970.

At that point, the records show the entire Pacific Northwest has possibly reached the end of the era of feasible hydro. There may be a few odds and ends coming in. So, in 1970 not only in area, but the entire Pacific Northwest are going to have to look for thermal power.

The planning on that should start early. But about the turn of the 1960's or about 1970, the entire Pacific Northwest has to turn to thermal generation, sir, in our opinion.

Mr. LANGEN. The reason I ask is because it seems to have been implied on several occasions that the Federal Government has some degree of responsibility in supplying power here by virtue of past experiences and adding this to it must further generate—if that philosophy is true, then this must further generate that responsibility. So if we are thinking in those terms, we ought to be looking even a

little further to the future and wondering when we are going to be called upon to fulfill a further responsibility here.

And you have no indication of how, when, or where that might be?

Mr. TROMMERHAUSEN. No; I do not, sir. The history of the Snake River development has been that as the needs for water are developed, and as there was support in the project for further irrigation expansion, the development of American Falls and Palisades and the additional generating units in Minidoka were made.

All of these present developments were generally timed and it was a fortuitous situation that over the past 30 years the Bureau installations have been brought in on a schedule that they could meet the demands of the preference customers. I do not see how those demands can be met by hydro in this section of the Snake River after 1970 because I know of no additional Federal hydro projects in this area on the planning board.

Mr. LANGEN. As I understand, if my memory serves me correctly, this project was first started as a reregulation project, a much smaller project than it is now. When did it grow into the large project now contemplated?

Mr. TROMMERSHAUSEN. Congressman Langen, I think that perhaps that question would best be reserved for the Bureau engineers because they made the transitional studies. I am familiar with the testimony that Congresswoman Pfost gave this morning that the Federal Power Commission recommended consideration of a reregulating dam with power below Palisades at the time you were considering the authorization of Palisades.

As I mentioned, there was this oversubscription of 300,000 acres of Palisades water, so, naturally, the Bureau engineers, at that time must have given very serious consideration to finding the storage. But I think your complete answer to that could be obtained from the Bureau engineers.

Mr. LANGEN. The reason I asked that question is because there seems to have been some miscalculation or interpretation of the intent to which the Palisades project could supply the needs of water and power, and I am wondering whether it might not be possible that the same kind of miscalculation or interpretation could apply to Burns Creek.

Mrs. PFOST. Will the gentleman yield for a clarification?

Mr. LANGEN. I will be glad to.

Mrs. PFOST. Again, reading from the report, House Document 720 of November 27, 1950, the Palisades Dam and Reservoir project in Idaho, on page 8 under letter of transmittal, I should like to quote that:

> The Chairman of the Federal Power Commission suggests that prior to the time the project reaches the construction stage consideration be given to the possible construction of a reregulating reservoir down stream from the site of the Palisades project. He states that such a reservoir would permit greater flexibility in operation of the Palisades powerplant and larger releases from the Palisades Reservoir during winter months in the interest of power and further that power might also be produced in connection therewith.

I am informed that Mr. Harold Nelson, director of our region in Idaho proceeded in accordance with the plan and had the Burns Creek study made before the Palisades project was even completed.

Mr. LANGEN. May I think the gentlewoman from Idaho for that information. I notice the main emphasis is placed on a reregulating structure of some kind, and I fail to notice recommendation for expension to a project quite as large as this one.

Mr. ROGERS. Mr. Haley, the gentleman from Florida reserved his time and is now recognized.

Mr. HALEY. Mr. Chairman, may I inquire if the report of the Comptroller General of the United States of December 1, 1959, the short form report, is this a part of the record or a part of the file?

Mr. MCFARLAND. Mr. Chairman, that report has not been inserted in the record of this hearing. Portions of it were put in the record of the Northwest account hearing.

Mr. HALEY. Mr. Chairman, this is a rather large document, but I think it brings out some things that should be—let us say this——

Mr. ROGERS. Let the Chair make this observation, Mr. Haley, if it is all right with you, we can include it in the file at the present time.

Mr. HALEY. I so request.

Mr. ROGERS. Without objection, it is so ordered.

Mr. HALEY. The witness, just a short time ago, Mr. Chairman, referred to a letter that had been previously referred to by the gentleman from Pennsylvania, dated December 14, 1959, and signed by the Comptroller General of the United States.

He said, I believe your statement was, that all of the letter should be put in the record; is that right?

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HALEY. In order to be fair.

Mr. TROMMERSHAUSEN. That is right, sir.

Mr. HALEY. This is a letter dated December 14, 1959, as I say, it is addressed to the chairman of the full committee.

I would like to read the part that I think the gentleman would like to have in there, because the first paragraph has nothing to do with it, other than it says the Columbia River power system, related activities for the fiscal year ending June 30. I think the part you are referring to that should be in the record is as follows:

> Because of the deficiencies and inconsistencies in accounting policies and practices mentioned in our opinion letter to the Secretary of the Interior, we have concluded that in the fiscal year 1958, we cannot report that the financial statements present fairly the financial position of the Columbia River power system and related activities at June 30, 1959, and the financial results of power operations for the year then ended.
>
> The deficiencies and inconsistencies in accounting policies and practices have existed for several years without being satisfactorily corrected or resolved.

Is that what the gentleman was referring to?

Mr. TROMMERSHAUSEN. Congressman Haley, I have not had the privilege of seeing the letter. I know the problem out there is so complex, I thought it would be of service to the committee, if you are going to dig into the problem at all, that you consider all aspects of it.

Mr. HALEY. I agree with the gentleman, we ought to get all of these things.

What is disturbing to me in the part read by the gentleman from Pennsylvania, the losses in 1938, according to the statement he read were $2,949,501.

Mr. TROMMERSHAUSEN. Yes.

Mr. HALEY. Now Palisades came on to the line in 1938; is that correct?

Mr. TROMMERSHAUSEN. There was some power produced in 1957, as I recall, but 1958 can be considered as the first year of operation.

Mr. HALEY. Now, in 1959, the losses were $6,609,820.

Now my question is this: Is it a fact out there that the more power you are going to feed into these things and more you are going to put on the line the greater your losses are going to be?

Mr. TROMMERSHAUSEN. Sir, I cannot speak for the Bonneville Power Administration, certainly. I tried to explain that part of the problem that they have had is the fact that they have a surplus of power, they have more firm power available than they can sell and since you still have to pay interest and principal on the debt of the Bonneville system, you have to go ahead and make those payments.

Mr. HALEY. Mr. Chairman, I cannot hear the reply of the gentleman, I am sorry. Would you read the reply?

(The answer was read by the reporter.)

Mr. HALEY. Is that right?

Mr. TROMMERSHAUSEN. That is right.

Now the question that you asked about Palisades seems to lead me to believe you may think Palisades is in the Bonneville system. It is not. It is not connected financially.

Mr. HALEY. I understand that. I am just wondering, the more stuff you put on the line, apparently, the more you lose. Let us go to your own statement on page 2 and let me ask you what you—or give us a little explanation of this statement.

Mr. TROMMERSHAUSEN. The statement on the bottom of page 2?

Mr. HALEY. No, it is the second paragraph of page 2 of your statement. Would you give us a little explanation of this situation? Apparently a survey conducted by your organization makes some very interesting statements. You say you were able to bring into being certain revenues and certain power that had not been used. Would you explain that a little bit? I do not quite understand it.

Mr. TROMMERSHAUSEN. Congressman Haley, that is a very complex technical matter, when an engineer attempts to explain how you integrate three or four hydroelectric projects.

Mr. HALEY. The point I would like to have explained to me is, is the power available out there that is not being used? And is this all the power that is now brought into this system that could be used?

Mr. TROMMERSHAUSEN. I think the answer could be that, and the Bureau of Reclamation would have to confirm this because they made the final study, that the 30,000 kilowatts of additional power which resulted from the complete integration of the existing Bureau plants in Idaho and the Idaho Power Co. system, a better utilization of water and the Idaho Power Co. has some additional plants coming in on the middle Snake River. All of those things contributed to the fact that you could produce more power with the existing generators by a more effective use, if I may put it that way, or integration of the projects, and in that way they were able to find 30,000 kilowatts of additional power for the preference customers which the Bureau sold at the firm power rate.

Previous to that time, these plants were not fully integrated, it was not so situated that it could be used to deliver firm power and

used as firm power and so the Bureau sold some of the output as dump power. So what you are doing by integration, sir, is that you are really upgrading your quality of power, and that same thing can be done not only hydro to hydro, that same thing can be done, as I mentioned yesterday, hydro to steam.

Mr. HALEY. You say under that arrangement, you brought in increased revenues of about $100,000 a year, is that correct?

Mr. TROMMERSHAUSEN. That is our rough estimate and we don't have access to the Bureau's cost and if you want the exact figure, you should obtain it from the Bureau.

Mr. HALEY. The point I am trying to determine: is the Bureau of Reclamation out there not using power to the best advantage or is the power going to waste now? It is one or the other. They are either not using the facilities they have or they are not disposing of it in the right manner. Is that correct?

Mr. TROMMERSHAUSEN. No, I do not think I would answer it in that way, sir.

As additional projects are built in a hydro system, additional benefits accrue by integration. And the transmission lines that connect the Bonneville system with the Idaho Power Co. system also have important integrating factors. So I would not criticize the Bureau by stating they have not historically made the best use of their facilities. We pointed out that with this new market developing of summer power that by a different arrangement of the integration process, with a little firming up, this dump power could be used satisfactorily for summer firm pumping, and both the Bureau and the Idaho Power Co. agreed to it and, subsequently, entered into a contract such as has been referred to here.

Mr. HALEY. In other words, your statement here, of course, indicates there is $100,000 more a year in revenues brought in without any additional outlay of capital, or any construction or anything else?

Mr. TROMMERSHAUSEN. That is correct, sir.

Mr. HALEY. So somebody out there had not used the facilities, or had not fully developed the project that they had already in hand. Is that right?

Mr. TROMMERSHAUSEN. I think you could say perhaps there was not agreement between the Bureau of Reclamation and the Idaho Power Co. that the projects should be operated this way.

In order to do an integration job between facilities under two ownerships, you have to reach agreement as to certain things and the agreements came into being during this period. Why they did not come to a decision on full integration a year or so earlier, you would have to ask the Bureau or the Idaho Power Co., sir.

Mr. HALEY. That is what I wanted to find out from the Bureau when they are up here. If they are not using what they have now, I do not see why they want to build something else.

I think that is all.

Mr. ROGERS. Mr. Hosmer?

Mr. HOSMER. I would like to ask the witness a few questions on the basis of your remarks, relative to the need for irrigation storage.

As I understand it, there is a need for about 100,000 acre-feet.

Mr. TROMMERSHAUSEN. There was an oversubscription of 300,000 acre-feet for the Palisades project.

Mr. HOSMER. I realize that, but you make reference to the amount of 100,000 feet as being required as additional dead storage capacity for the Palisades project in order to take care of 5 or 6 years every 30 years or so of a dry cycle. Is that right?

Mr. TROMMERSHAUSEN. No, sir; I apparently did not make myself completely understood.

In describing the Burns Creek with reference to cost allocation, I believe I pointed out in the reservoir which costs $13 million there was about 100,000 acres of dead storage not usable for irrigation, but used simply to increase the head on the power project and that there was a 100,000 acres of active storage which was dedicated to irrigation storage, plus the 17,000 acre-feet of regulating storage which was used to improve the operation of Palisades and Burns Creek electric plants.

Mr. HOSMER. The Bureau came up with $775,000 allocation for irrigation in this project on the basis of 100,000 acre-feet of storage at $7.75 an acre-foot. Are you familiar with that?

Mr. TROMMERSHAUSEN. I am familiar with that figure, sir, but I believe I quoted that not as an amount of allocation. The allocation is $849,000, sir. Seven hundred and seventy-five thousand is the amount the farmers will repay for the use of the 100,000 acres of storage.

Mr. HOSMER. How much of this storage is attributable to irrigation?

Mr. TROMMERSHAUSEN. 100,000, sir.

Mr. HOSMER. We get back to that 100,000 figure. That is what brings this within the purview of the Bureau of Reclamation; is that correct?

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HOSMER. In addition to the 100,000 acre-feet of irrigation water the Burns Creek concept has been developed into a project which was made for that plus power because of the various physical features of the territory and because people want power and so on. Is that correct?

Mr. TROMMERSHAUSEN. The 98 percent allocation is a man-made figure arrived at by using one of the several historical methods used to decide how much to charge to the 100,000 acre-feet, how much to charge to Fish and Wildlife, and how much to charge to power.

Mr. HOSMER. My question, sir, was a little more fundamental than that. My question revolved around the fact that what brought this whole thing up here was need for additional 100,000 acre-feet of storage.

Mr. TROMMERSHAUSEN. That plus the recommendation of the Federal Power Commission you could improve the earning power and power output of Palisades by reregulating.

Mr. HOSMER. But if you did not have a 100,000 acre-feet of necessary irrigation storage to hang this on, the plug would come out of the bottom and you would have to go to some other committee with this thing, would you not?

Mr. TROMMERSHAUSEN. That I cannot give you an answer because I do not know what the distinction is when you go to a flood control committee or what distinguishes a reclamation project. If you took a reclamation system——

Mr. HOSMER. It is kind of like pregnancy, with 2 percent pregnancy, I guess it is pretty much all over, and you have 2 percent irrigation in here so this is an irrigation project in your mind; is that right?

Mr. TROMMERSHAUSEN. It is an irrigation project, sir, as presented.

Mr. HOSMER. If we can discard from our mind for a moment the power features of 98 percent of the project and get back to 100,000 acre-feet of storage, would it be possible, not downstream, but upstream, from Palisades, to provide this additional storage capacity?

Mr. TROMMERSHAUSEN. Sir, in response to your question, I have discussed this matter with the Bureau of Reclamation engineers and they tell me that the project which Congressman Saylor discussed, the Narrows project in Wyoming, has been considered as a potential site for additional storage and that the State of Wyoming is not in favor of the project being submitted for consideration.

There is no place in Idaho where they can go.

Mr. TROMMERSHAUSEN. There is no known place, as was testified yesterday, between Milner Dam and the Idaho State line, where you can get any additional storage.

Mr. HOSMER. As small amount of storage as a 100,000 acre-feet?

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HOSMER. No place along the whole river?

Mr. TROMMERSHAUSEN. I say the authority on the river Lynn Crandall——

Mr. HOSMER. You are the firm going into this thing with a fine tooth comb.

Mr. TROMMERSHAUSEN. To make a study of a river and all the hydraulic profiles to determine whether or not a new project is financially feasible is a cost that should not be put on a small group of preference users.

As I testified, we were willing to take the testimony of a professional man who had known the river for 40 years, Lynn Crandall, and he said there are no other acceptable sites than Burns Creek. We have to rest our case on that, otherwise we would have to go out and make some independent surveys which should not be put on the expense of our clients, the preference power customers.

Mr. HOSMER. Assuming such a location could be found, would a construction cost of between $8 and $10 an acre-foot be a reasonable cost of the storage dam under normal construction conditions in an area?

Mr. TROMMERSHAUSEN. No. I do not think you could get storage at $8 or $9 an acre-foot on that section of the Snake River.

Mr. HOSMER. What would your estimate be?

Mr. TROMMERSHAUSEN. I would hesitate to make a guess.

Mr. HOSMER. Would it be less than $20?

Mr. TROMMERSHAUSEN. I think it would be more than that.

Mr. HOSMER. Would it be less than $30?

Mr. TROMMERSHAUSEN. I think it would be more than that.

Mr. HOSMER. Would it be less than $40?

Mr. TROMMERSHAUSEN. I cannot, not having studied the river, I cannot give a professional answer as to what storage would cost on the Snake River. So, beyond that point, I cannot help you. But, the Bureau engineers probably are the ones that should testify.

Mr. HOSMER. It is not going to run over $50 an acre-foot, if you built the stuff out of sapphire, would it?

Mr. TROMMERSHAUSEN. I cannot give you a professional answer on something I have not even seen.

Mr. SAYLOR. Will the gentleman yield?

Mr. HOSMER. I will yield.

Mr. SAYLOR. Mr. Trommershausen, up to this point, I had a great deal of confidence in you as an engineer, but I am afraid you did not read the Bureau's report very well which you state you are relying upon, because in the letter of transmittal on this project, here, is on page 23 the following, House Document No. 147, 85th Congress, 1st session:

> Alternatives exist to the capacity in the Burns Creek reservoir assigned to hold over irrigation storage. This amount of storage could be provided in a reservoir at Alpine, Johnny County, Hoback, or any of several other sites on the Snake River or principal tributaries. Also it would be possible to enlarge American Falls Reservoir to attain additional holdover irrigation storage.

You said you relied upon the Bureau and there was no other place on the river this could be done, and you were basing your figures on the Bureau testimony, maybe you had better go back and read what the Bureau had to say about this project.

Mr. TROMMERSHAUSEN. What page was that, again?

Mr. SAYLOR. Page 23.

Mr. TROMMERSHAUSEN. I recall the statement that you read and if my memory serves me right; I read this last week, and the Bureau said these other alternatives were not found to be feasible. So with that I left it.

Mr. HOSMER. Are you familiar with the Alpine location?

Mr. TROMMERSHAUSEN. No, sir.

Mr. HOSMER. Johnny County location?

Mr. TROMMERSHAUSEN. No, sir.

Mr. HOSMER. Hoback location?

Mr. TROMMERSHAUSEN. No, sir.

Mr. HOSMER. Are you familiar with the American Falls Reservoir?

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HOSMER. How big a reservoir is it?

Mr. TROMMERSHAUSEN. I do not know the exact acre-feet, it is perhaps over a million.

Mr. HOSMER. Over a million?

Mr. TROMMERSHAUSEN. Yes, sir.

Mr. HOSMER. What kind of a dam is there?

Mr. TROMMERSHAUSEN. A concrete structure.

Mr. HOSMER. Concrete?

Mr. TROMMERSHAUSEN. Concrete.

Mr. HOSMER. In your opinion, could that concrete structure be enlarged to provide for an additional 100,000 acre-feet of storage?

Mr. TROMMERSHAUSEN. I did not make an inspection of the American Falls structure, or the design drawings upon which that structure was made and, again, I am going to give you the answer I gave Congressman Saylor. The Bureau says they considered these alternatives and found them not feasible and we were not authorized by our clients to make a complete series of independent analyses.

Mr. HOSMER. Then, sir, I will ask you to assume something. Assume that this American Falls River Dam can be heightened to provide an additional 100,000 acre-feet to the some million-plus capacity there. With the background and experience of your company in the fields you have related, what would you estimate to be the probably cost of adding such capacity?

Mr. TROMMERSHAUSEN. I would not attempt, at this time, even with our experience, to make an estimate on a project of that magnitude because I do not know what facilities would be flooded, which you have to take into consideration when you plan on adding height to an existing structure. The possibilities——

Mr. HOSMER. Let us just take the cement construction on the dam itself and knock out what property you would have to acquire to get it.

Mr. TROMMERSHAUSEN. If there were no substantial properties that had to be flooded, and if this some 30-year-old structure is of a nature that it could be broadened and heightened, if all the factors were favorable, it is possible you could add 100,000 acre-feet in American Falls at a reasonable cost.

Mr. HOSMER. Would you care to give the upper and lower limit of what might be a reasonable cost?

Mr. TROMMERSHAUSEN. No, sir, I would not; but I would help you in this regard: it would certainly be less than the $45 million planned for Burns Creek.

Mr. HOSMER. Less?

Mr. TROMMERSHAUSEN. Yes.

Mr. HOSMER. You are not going out on a limb when you say that?

Mr. TROMMERSHAUSEN. No, sir.

Mr. HOSMER. I hope you will take this page 23 Mr. Saylor read to you, and think it over, and if you feel compelled to add anything to your testimony, you contact the chairman and I hope he will give you the opportunity to do so.

That is all.

Mr. TROMMERSHAUSEN. Thank you.

Mr. ROGERS. Mr. Rutherford?

Mr. RUTHERFORD. No questions, Mr. Chairman.

Mr. ROGERS. Mr. Ullman?

Mr. ULLMAN. No questions, Mr. Chairman.

Mr. ROGERS. Mr. Westland?

Mr. WESTLAND. No questions.

Mr. ROGERS. Mr. McGinley?

Mr. MCGINLEY. No questions.

Mr. ROGERS. Mr. Trommershausen, there is just one set of questions I want to ask you about this payout situation.

How much percentagewise would you need to raise the power rates that have been figured into this Burns Creek project, if you were required to pay it out in 50 years, integrated with Palisades?

Mr. TROMMERSHAUSEN. Chairman Rogers, we have not made such a study because we did not know a problem of that nature would be presented at this hearing.

A study could be made by the Bureau of Reclamation, since they have all the basic data, but I have reason to believe since we are only talking about anywhere from 2 to 6 to 8 years, and the fact you may be able to sell some peaking power to the utilities, if you build this project, that I would give an offhand estimate, and if you want us to check it, I would have to do that. It might raise the cost, perhaps, as much as half a mill per kilowatt-hour.

Mr. ROGERS. In other words, that would bring it within the 50-year period?

Mr. TROMMERSHAUSEN. Yes.

Mr. ROGERS. How would that compare with private power that could be made available?

Mr. TROMMERSHAUSEN. The testimony that you have heard is that the rates offered by the private companies are from 8 to 10 mills a kilowatt-hour. So this shortening of the payout period of the combined Burns Creek-Palisades project would bring this power up to 5 or 5¼ mills as compared to the 8 or 10 mills, the rate at which power has been offered by the companies.

Mr. ROGERS. That assumes the integration with Palisades. Can you give us an estimate of how much it would be required to be raised if Burns Creek were required to stand on its own feet, so to speak?

Mr. TROMMERSHAUSEN. We did not make an independent study of those costs of Burns Creek standing on its own feet, as the testimony of the Bureau of Reclamation engineers, I believe, before the Senate—again I am trusting here on my memory—was about 5¼ mills for Burns Creek standing alone.

Mr. ROGERS. Standing alone?

Mr. TROMMERSHAUSEN. That is right.

Mr. ROGERS. That would be a 50-year payout period?

Mr. TROMMERHAUSEN. I presume that is the period they—the Bureau—used.

Mr. ROGERS. Thank you very much, Mr. Trommerhausen.

The first witness for the opponents of the project will be Mr. E. M. Naughton, president, and Mr. E. A. Hunter, administrative assistant, both of the Utah Power & Light Co.

Mr. Naughton and Mr. Hunter, if you will come forward, you will be recognized.

STATEMENT OF E. M. NAUGHTON, PRESIDENT, UTAH POWER & LIGHT CO., ACCOMPANIED BY A. HUNTER, ADMINISTRATIVE ASSISTANT, SALT LAKE CITY, UTAH

Mr. NAUGHTON. Mr. Chairman and members of the committee, I am E. M. Naughton, president, Utah Power & Light Co.

Mr. Hunter is my associate, administrative assistant. We are appearing here together in the interest of the committee's time.

I reside in Salt Lake City. I appear to oppose the Burns Creek project (S. 281) which this committee has under consideration. This legislation would authorize a large power project. It certainly is not worthy to be called a reclamation project.

About 10 years ago a true reclamation project—Palisades on the Snake River in southeastern Idaho—was authorized for construction. Our company, with landowners and other citizens of the area, actively supported that legislation because it would bring water to land. We appeared before congressional committees in support of that legislation.

Our company is now almost 50 years old. We have cooperated and worked diligently to promote the economic growth and development of the natural, agricultural, and industrial resources of the areas we have served for all those years. Long ago, we realized that for basic industries to flourish within an area where rain and snowfall are not plentiful, and sometimes unpredictable, that the precipitation we receive must be prudently husbanded.

As a company, we have always supported the development of sound water resource projects. We have worked with the Bureau of Reclamation in conceiving, planning, and developing a great many projects. In order to bring about a number of Federal projects, our company adjusted certain of its longstanding water rights to assist the Bureau in developing water for purposes other than power generation. Our record is eminently clear in support of water development on the upper Colorado River.

As a company, we have fostered the generation of electric power where such generation is a proper adjunct to the development of water for agricultural, industrial, or culinary purposes.

During the hearings relating to the Palisades authorization 10 years ago, consideration was given to the possible ultimate need of a small reregulating reservoir downstream from the Palisades project to alleviate interference with water levels at head gates of irrigators along the river. Our company did not disagree with the construction of such a reservoir, if its need be proven.

Construction of the Palisades project was completed about 3 years ago. We have a contract with the Bureau of Reclamation under which we purchase "dump" power from the project, which provides needed revenues to help amortize it. Lines from the Palisades project feed into our transmission network. During those 3 years no definite need has been proved for any reregulation downstream from the Palisades Dam.

It is interesting to note that even before the Palisades project went into operation the Bureau of Reclamation conceived, designed, and promoted construction of a high dam to form a reregulating reservoir some 10 times the size of the one considered 10 years ago, and with 90,000 kilowatts of capacity. The Bureau called it a reclamation project—Burns Creek—even though it admitted that 98 percent of its proposed cost would be allocated to electric power.

This project is not needed. It would cost over $500 per kilowatt as compared to Palisades' $185 per kilowatt. It would saddle a true reclamation project—Palisades—with unneeded financial responsibility and thus greatly delay the time when revenues from Palisades could be put to far more beneficial purposes. Oddly enough, a sound reclamation project—Palisades—would subsidize an unsound power project—Burns Creek—to provide electric power to a few preference customers who have available to them ample power from private utilities.

The electric companies have always been and are now willing and able to supply all power needs of the area. We also have comprehensive long-range plans for providing all future power needs. The electric utility companies of the Rocky Mountain region plan to spend $2.5 billion in the next 15 years. This will provide new generating plants and other facilities which will increase the amount of electric power now available by 7 million kilowatts. Utah Power & Light Co. alone plans to spend $625 million in the same period to provide 1,500,000 kilowatts of new generating capacity and associated facilities. My company is presently engaged in building the Kemmerer steam electric plant in western Wyoming, which will have an ultimate capacity of 500,000 kilowatts and will cost in excess of $80 million. These facilities, provided by the private utilities at not one penny of

cost to the Federal Government—in fact, we are large taxpayers rather than tax consumers—will be adequate to supply the total area's electric roads, including those of the preference customers.

Burns Creek is certainly not a reclamation project. It would provide only 100,000 acre-feet of supplemental water to lands already well supplied; 100,000 acre-feet of water certainly would have little, if any, effect on drought conditions when we consider that the reservoir development on the upper Snake impounds some 4.5 million acre-feet of water. Bureau witnesses have testified that the need for this supplemental water from Burns Creek might occur two or three times in a 50-year period.

Senator Church has stated before the Senate last summer that the Burns Creek project is needed as an insurance policy against drought. I submit that such an insurance policy would saddle the American taxpayers with a $50 million premium with a very negligible, if any, benefit. I refer you to the record—page 12, "Supplemental report on Palisades Dam, June 1949."

The table shows that if Palisades were authorized—it has now been built—there would remain a shortage of 2,586,000 acre-feet in irrigation water in a year like 1934. May I ask this committee what benefit 100,000 acre-feet from Burns Creek would be to meet a shortage of 2.6 million acre-feet? It would meet only 4 percent of the total need at a price of nearly $50 million.

Mr. N. B. Bennett, now Assistant Commissioner of Reclamation, has inferred that once the U.S. Government supplies any power to a preference customer that it incurs an obligation to supply preference customer's needs, no matter what they may be, forver. In testifying before a Senate committee, Mr. Bennett states:

*** * * these people (preference customers) now have contracts for power with the Federal Government and we believe that they should continue to receive from the Federal Government power to meet their growing loads.**

One would infer from his testimony that ultimately when all hydrosites are developed, then the U.S. Government would construct steam or other generating facilities as might be required for these preference customers.

Further operating experience with the Palisades project may develop the need for some downstream regulation—that need has not developed as yet—but reregulation can be supplied as it was conceived by the Bureau of Reclamation 10 years ago, with construction of a small reservoir, say 17,000 to 18,000 acre-feet, requiring a very low dam, at a cost estimated at $4½ million. Incidentally, that is a pretty accurately drawn estimate. If such need develops, certainly our company would wholeheartedly support it.

Speaking of the need for reregulating reservoirs on rivers subject to wide flow variations because of changing rates of release of water for irrigation and power generation, I submit that if the need for reregulation downstream from the Palisades project be proved the same type reregulation would be required downstream from a Burns Creek project if it should have a 90,000 kilowatt plant, because the same water would be released into the same streambed.

Our company has made a very careful study of the economics of Burns Creek which definitely proves that the entire project is infeasible and unnecessary. My associate, Mr. E. A. Hunter, is thoroughly

familiar with those studies and will testify in detail during these proceedings as to his findings and opinion.

Thank you very much.

Mrs. PFOST (presiding). Thank you, Mr. Naughton.

Would you like to proceed, Mr. Hunter?

Mr. HUNTER. Yes, if the Chair so desires, I would:

Mr. HALEY. Mrs. Chairman, might we be allowed to question Mr. Naughton here before he gets away?

Mrs. PFOST. Certainly, and I also have a few questions I would like to ask Mr. Naughton.

I believe you stated that your company purchases power from the Palisades project.

Mr. NAUGHTON. Yes, Madam, we purchase about 150 million kilowatt-hours a year from Palisades. We made that agreement before the project was completed. Our interest in purchasing it goes to our desire to aid the payout of the project. We pay the offset price to which we would be put were we to generate it from our fuel-burning plant.

Mrs. PFOST. Do you buy other hydropower from the Bureau of Reclamation?

Mr. NAUGHTON. Yes, Madam, we buy some hydropower from the Bureau at the Deer Creek project near Provo, Utah, it is a small 5,000-kilowatt project.

Mrs. PFOST. Does your company buy power from the Idaho Power Co.?

Mr. NAUGHTON. Yes, Madam, since 1927, we have bought power from the Idaho Power Co. Conversely, that company has bought power from our company. Through arangement of that type, we are able to pool our reserve capacity, which pooling inures to the benefits of each of our respective customers.

At the present time, we have a contract with the Idaho Power Co. for 50,000 kilowatts of firm power. We have another contract which will go into effect on October 1, 1961. The latter contract to which I refer was worked out about 2 years ago, and as a result of working it out, we delayed the construction of our Kemmerer development by 2 years.

Mrs. PFOST. Will some of this power come from the Idaho Power Ox Bow plant below the Brownlee project?

Mr. NAUGHTON. I believe that is a fair assumption.

Mrs. PFOST. Do you also buy power from the Montana Power Co.?

Mr. NAUGHTON. We buy power from the Montana Power Co. and conversely Montana buys power from us.

Mrs. PFOST. Mr. Naughton, what effect do you think the purchaser of this hydropower has upon the coal industry?

Mr. NAUGHTON. Any time, Mrs. Pfost, that we buy hydropower it has a reducing effect on the amount of coal that we would buy from the coal industry.

Mrs. PFOST. Does your company use anything other than coal, to generate electricity?

Mr. NAUGHTON. Yes, Madam. We burn a product called byproduct pitch from an oil refinery near Salt Lake City, and we also buy gas on an interruptible basis for two of our plants.

Mrs. PFOST. I believe you were here yesterday, were you not, Mr. Naughton?

Mr. NAUGHTON. I was.

Mrs. PFOST. You probably heard the statement made then that there will be 600 coal miners thrown out of work or lose their jobs if the Burns Creek project is developed. This seems to be a unique circumstance since you are using other fuels than coal for generation.

Let me ask you another question, Mr. Naughton. Supposing Burns Creek is constructed, will the Utah Power & Light Co. curtail its construction of the Kemmerer, Wyo., plant as the result of the construction of Burns Creek?

Mr. NAUGHTON. You have made a question, and then asked me a question. If I might take the liberty of clarifying your statement, Mrs. Pfost.

Congressman Dixon inadvertently used a figure of 600 miners. I think the Congressman would appreciate it, and the coal people—and incidentally, I have some knowledge of the power required for coal mining—if I would correct that figure from 600 to 120. The Congressman's use of 20,000 man-days was correct, but his arithmetic got a little bit off.

With reference to your question, the construction of a 90,000-kilowatt plant that will generate electricity means that less coal will be purchased to go with the energy from 90,000-kilowatt capacity.

The amount of coal with such capacity is about a quarter of a million tons per year. Insofar as its effect on our Kemmerer development is concerned, I have this to say: Burns Creek is going to supply a certain amount of load. It will produce some dump power. But we, as a utility, must make certain that we have firm capacities when we need it. So Burns Creek will not delay our Kemmerer development, but it certainly will curtail, by approximately 250,000 tons a year, the amount of coal that we might otherwise use.

I can express that in a different way which might be helpful to this committee. When the Palisades project came into operation in about February of 1957, two rural electric cooperatives, the Lost River Electric Cooperative and the Fall River Electric Cooperative, respectively, which had been buying all of their requirements, since their inception in the early forties, made contracts with the Bureau of Reclamation. The City of Idaho Falls which had bought all of its supplemental power since the beginning of World War II also had a contract with the Bureau of Reclamation for Palisades power.

So actually these three customers had worked up, over a period of about 18 years to some 21,000 kilowatts of demand. So overnight, with the advent of Palisades, we lost about $750,000 of revenues. It was not unexpected, we planned for it, and I use that by way of illustrating that we have always gotten along with rural electric cooperatives and we have always, and plan to, continue to get along with the Bureau of Reclamation. We have many things in common.

Mrs. PFOST. Mr. Naughton, I am not able to understand, since you are so concerned about the coal generation, the loss of jobs in the coal generating plants, why it is you continue to reach out and enter into contracts for hydropower instead of producing with your coal plants.

Mr. NAUGHTON. I think the answer to that, Mrs. Pfost, is quite simple. As the president of a utility company of medium size, I have certain responsibilities to our customers, to the people who own it,

our stockholders, and to our approximately 2,000 employees to provide electric power to our customers at the lowest possible rate that we know how. That has been our desire and objective for 50 years.

There is quite a competitive situation in fuels in our territory which inure substantially to the benefit of our customers.

There is a refinery near Salt Lake that has a byproduct. It is in the interest of Utah's natural resources that use be made of that byproduct. In May of 1947, we entered into an agreement with the Standard Oil Co. of California, whereby we would utilize that in the operation of our Gasby plant in Salt Lake City.

Likewise, as you know from testimony from people who have appeared before you, gas companies desire to have a reasonable annual load factor and not have to build facilities, pipelines and so forth, that have to be large enough to meet a peak demand in the wintertime of short duration.

So as the committee likely well knows, there is available what we call dump gas. We buy a certain amount of dump gas for the partial operation of two of our large plants.

You mention hydro, Mrs. Pfost. The Idaho Power Co., under an order in the Federal Power Commission, must build, as you know, being from Idaho, in the period of 9 years, three plants along the Hells Canyon section of the river. There are rather categorical calendar dates that that company must make.

So you have capacity available and loads develop at a certain rate depending on the economy of the area. Idaho found itself with more capacity that it was required to install than it had need for. Although, there is no corporate relationship whatever between our company and the Idaho Power Co., or between our company and the Montana Power Co. we have a rather close business association. These contracts we work out with one another, inure definitely to the benefit of our customers which is why we are in business.

When the Idaho Power Co. found itself with that capacity, its president, Mr. Roach, came to me and asked would we consider delaying our Kemmerer development.

Naturally, for two men to reach an agreement, the agreement has to be satisfactory to both parties and that agreement was worked out to our mutual satisfaction and I can assure you it was for the benefit of all of the customers of the Utah Power & Light Co. Those things will go on.

I, of course, answer categorically your statement as to the effect on the coal business. The construction at Burns Creek is going to generate some power and that power is equivalent to 250,000 tons of coal a year.

Mrs. PFOST. Would it not be advantageous to the Utah Power Co. to have the Palisades peaking capacity released so you might be able to use it?

Mr. NAUGHTON. I do not believe you mean Palisades there.

Mrs. PFOST. Palisades with Burns Creek integration. I should have clarified my question.

Mr. NAUGHTON. I will answer your question in two parts.

Wintertime brings about the maximum load on our system, the maximum period that occurs. That is the time that we must have our greatest capacity, that is the time when we try to avoid taking units out of service for overhaul, maintenance, and so forth.

Unfortunately, as you well know, Idaho rivers do not work that way, they have the maximum flow during the summertime. So, actually, there is no capacity benefit, no appreciable capacity benefit from either the Palisades project nor would there be from the Burns Creek project.

Mr. Nelson, about 3½ years ago, sent one of his engineers down to discuss that possibility with our engineers with respect to Burns Creek. We have advised Mr. Nelson that any capacity of that type in the wintertime was of negligible value and if it did not have energy associated with it, would be of no value whatever.

There just simply is not enough water in the Snake River in the wintertime. It is far more beneficial for agriculture than it is for the generation of electric power.

Mrs. PFOST. In other words, in your opinion, it would be of no advantage whatsoever to Utah Power & Light to have the additional power which would be available coming from the two integrated plants?

Mr. NAUGHTON. Speaking as the president of a corporation which pays quite a heavy income tax, I would say that it would be definitely disadvantageous to the Utah Power & Light Co. because it would be a flagrant waste of taxpayers' money.

Mrs. PFOST. I notice on page 5 of your statement you refer to 17,000 or 18,000 acre-feet reservoir requiring a very low dam at an estimated cost of $4½ million. And you say that you would certainly support it if a need were found.

Mr. NAUGHTON. Yes, madam.

Mrs. PFOST. Who do you think would benefit from this small reservoir?

Mr. NAUGHTON. Mrs. Pfost, the need for the reregulation has not as yet been proven, but the only objective in building such a reregulating reservoir would be to prevent interference with the water levels at headgates of irrigators and the problem is only one of short duration, but could be of importance.

The duration occurs in the early spring at the beginning of irrigation season and in the late summer at the end of the irrigation season. During the summertime, when the releases from Palisades are at a maximum no reregulation whatsoever is necessary. But my only point was that we did not oppose reregulation 10 years ago and if it is required, and I would rely entirely on the judgment of the Bureau with respect to that, we would not oppose it. But we certainly are opposed to the powerplant that has been superimposed upon this small reregulating reservoir.

Mrs. PFOST. Mr. Chairman, I reserve the balance of my time, if I have any.

Mr. ROGERS (presiding). The gentleman from Pennsylvania, Mr. Saylor?

Mr. SAYLOR. I will reserve my time until Mr. Hunter has had a chance to testify.

Mr. ROGERS. Mr. Haley?

Mr. HALEY. Mr. Naughton, you stated your corporation supported the construction of Palisades because it was a true irrigation project.

Mr. NAUGHTON. Yes, sir.

Mr. HALEY. If this project was an irrigation project you would have no serious objection to it, would you?

Mr. NAUGHTON. None, whatsoever.

Mr. HALEY. All of the witnesses continue to use a figure of 98 percent power. Actually the figure should be approximately 98.3 for power and 1.7 for irrigation.

Mr. Naughton, is there in this general area now a definite shortage of power?

Mr. NAUGHTON. No, sir. I think on the contrary, there is a marked surplus of power as I believe Mr. Hunter will bring out.

Mr. HALEY. Will there be any shortage of power in the foreseeable future?

Mr. NAUGHTON. None, whatsoever. And in connection with that point, I happened to be here when I heard Mayor O'Bryant from Idaho Falls. I do not think Mayor O'Bryant brought out an important point with respect to his available power supply for his city.

Our company has a 10-year obligation which is rather new, I do not think it is over 6 months old, which binds us to supply him and everything he may need during a 10-year period. And we are ready, willing, and able to do that any time he wants it.

Mr. HALEY. That takes into consideration, of course, I have heard various figures here, but the information that I have is that the need is increasing out there at about 8 percent a year. Is that substantially correct?

Mr. NAUGHTON. I think the figure might be a little bit high, Mr. Haley, but let's assume it is substantially correct.

Mr. HALEY. I have heard percentages mentioned here as high as 15 percent.

Mr. NAUGHTON. I think the figure of 15 percent would be completely unrealistic. I think one of 8 percent is one within the area of realism.

Mr. HALEY. Mr. Naughton, as a businessman and as the president of a corporation out there, you have quite a stake in this thing both as a taxpayer and as an operator. You must have made considerable studies of the cost of this project. As you know the power situation, do you believe that the construction of the Burns Creek project, based on, say a $50 million project would have revenues sufficient to pay, say, 3 percent?

Mr. NAUGHTON. I am sure not at the sale price contemplated by the Bureau, they would not begin to pay it.

Mr. HALEY. Do you think you could earn some money for your stockholders with the $50 million on this project?

Mr. NAUGHTON. I could not.

Mr. HALEY. You would be operating at a loss, just like they are going to have to operate at a loss?

Mr. NAUGHTON. Very definitely, sir.

Mr. HALEY. Of course, you are in the unfortunate position that borrowing money or selling bonds, you have to pay, I imagine, around 5 percent.

Mr. NAUGHTON. If we were to borrow money today, I think we would pay around 5 or 5¼ percent, without a doubt.

Mr. HALEY. Of course, that is what the Treasury of the United States is paying and, therefore in letting this money out to the project out there, of course, in the first place you are subsidizing to the extent of the tune of 2 percent, which must be borne, of course, by the taxpayers of the Nation.

Mr. NAUGHTON. Right.

Mr. HALEY. And yet it is your statement that even on the basis of 3 percent you do not believe you could operate a project out there and break even, could you?

Mr. NAUGHTON. No, sir; we could not.

Mr. HALEY. This reregulating, if the need were shown and I believe you say the need had not been established, you have, of course, gone into it and have some figures as to what the reregulation dam would cost.

Mr. NAUGHTON. Yes, sir.

Mr. HALEY. Would you care to quote me a figure?

Mr. NAUGHTON. The reregulating dam in my judgment, and this is based on a rather careful statement which I had made, is $4½ million. I believe that with anyone interested I could get a contract to build such a dam for $4½ million. That is my best judgment.

Mr. HALEY. Would that dam meet the need of reregulating this river out there if it was constructed and have what might be a very, very small irrigation project involved?

Mr. NAUGHTON. My discussions with people who are affected by the river and my general knowledge of the river, it is my judgment that a reservoir of some 17,000 to 18,000 acre-feet would very amply and adequately meet the situation.

Mr. HALEY. The building of this project would delay the payout of Palisades for approximately how many years?

Mr. NAUGHTON. About 26 years.

Mr. HALEY. So, your statement is that it would delay the repayment of the Palisades project which apparently is a fairly sound project——

Mr. NAUGHTON. Yes, sir.

Mr. HALEY. And load it down with additional operating expense and delay the repayment for 26 years, thereby depriving probably other worthy irrigation and reclamation projects of some assistance?

Mr. NAUGHTON. Right.

Mr. HALEY. In regard to the statement you quoted of Mr. Bennett's, do you feel, Mr. Naughton, that the Federal Government has any obligation to continue to supply power to preference customers and other customers out there indefinitely?

Mr. NAUGHTON. No, sir; I most certainly do not. I recognize the laws with respect to preference customers where power might be available as the byproduct from sound reclamation projects. We wheel power of such type to the city of Idaho Falls and for the Bureau of Reclamation to the two REA's in southeastern Idaho. But insofar as the Federal Government assuming an obligation in perpetuity to supply preference customers, I believe it is contrary to the laws of this Nation.

Mr. HALEY. Mr. Naughton, let me ask you this question: It has been said here that this facility, if constructed, would probably only be in the position or the need to supply supplemental water would probably only occur two or three times every 50 years. Has there been a study made of the past history of this to confirm that?

Mr. NAUGHTON. Yes, there has, Mr. Haley, and that is why I referred this committee to page 12 of a report that was issued in connection with a request for money to build Palisades. The report is entitled "Supplemental Report on Palisades Dam and Reservoir Project, Idaho." It is prepared by the Bureau of Reclamation and it is dated June 1949.

On page 12 of the report is table 2, entitled "Irrigation Shortages in the Snake River Valley, With and Without Palisades Dam and Reservoir Project." The table covers a period of 1919 through 1942, a period of 24 years, and the table shows rather clearly that with the construction of the Palisades Dam and Reservoir all shortages could be taken care of with waters that had been experienced during that 24-year period through the construction of the Palisades Reservoir save two, and those two occurred in 1934 and 1935, as a result of the 1934 drought. That is why I thought it was very much or, should be very much to this committee's interest for me to point out that 1934 was an unusual year.

If those conditions were to recur and with Palisades and if you had Burns Creek, you would still be short 2,600,000 acre-feet of water. I do not believe that any need has been proved here for water of so little benefit as Burns Creek. After all, we are talking only of 100,000 acre-feet of water and that is only supplemental water. That water would only meet 4 percent of the deficiency were conditions that did obtain in 1934 recur.

Mr. HALEY. What was the other year in that 24-year period, Mr. Naughton, that this would have been of help?

Mr. NAUGHTON. There was a situation where Palisades was stated to come into play in 1919, 595,000 acre-feet. Palisades took care of it. There was a short deficiency of 297,000 in 1942 which Palisades amply took care of.

There was a deficiency in 1931 of a million and a half acre-feet which Palisades took care of.

There was a small deficiency in 1932; a 400,000 one in 1933 which Palisades took care of. In 1934 Palisades was not able to take care of it and in 1934 there was a deficiency of 800,000.

So, that was the purpose, Mr. Haley, of building Palisades to meet that situation. I believe Palisades will very well meet that situation.

Mr. HALEY. But was 1934 when you say you had a deficiency of approximately 2½ million?

Mr. NAUGHTON. Closer to 2,600,000.

Mr. HALEY. So even taking the capacity of what Burns Creek is supposed to take care of, you would only have a 100,000 feet out of 2,600,000; is that correct?

Mr. NAUGHTON. That is correct.

Mr. HALEY. It just looks to me like, Mr. Naughton, the Department has come up here with a very, very small mouse beside a mountain to put in a little bit of sweetening, so to speak, to try to justify what is pure and simple power project. Would you not pretty well agree with that? You do not have to agree with what I say about the Department because I know you have to get along with them and I do not.

Mr. NAUGHTON. I think this is definitely a power project with very minor supplemental water benefits.

Mr. HALEY. I thoroughly agree with you.

Mr. Chairman, I see time for the committee to adjourn has come and I reserve the balance of my time.

Mr. ROGERS. Let the Chair recognize Mr. Burdick for a couple of questions at this time. Let the Chair say that as soon as Mr. Burdick concludes, we will stand adjourned until 2 o'clock, conditioned

upon whether or not the Interior appropriations bill is concluded by that time. If we do not finish the Interior appropriations bill on the floor, the committee will not resume its sitting until that bill is finished. If we do not finish the bill this afternoon, by 4 o'clock on the floor, we will have to adjourn over until tomorrow morning.

There has been some misunderstanding about the witness situation. Let me say this: The Chair wants to hear everybody that wants to be heard on this bill and we are going to make every possible effort to hear those proponents of the bill who were not allowed to testify because of the time element.

As soon as the opponents have concluded, we will hear the Fish and Wildlife witnesses and then go back into the proponents and we will have everyone testify.

Mr. BURDICK. I believe you have a contract for the purchase of dump power from Palisades.

Mr. NAUGHTON. Yes, sir.

Mr. BURDICK. What do you pay for it?

Mr. NAUGHTON. Two mills, with that being the offset price of power that would have been generated by steam.

Mr. BURDICK. Can you produce your power for 2 mills?

Mr. NAUGHTON. Yes, sir. It all depends on loading, on a particular generating unit and 2 mills is an average price of that production, incremental production costs.

Mr. BURDICK. You produce it by the use of coal for 2 mills?

Mr. NAUGHTON. Yes, sir; we do.

Mr. BURDICK. Is that about the average price you pay for dump power from other facilities, too?

Mr. NAUGHTON. Yes, sir. We are buying dump power from Idaho Power Co. for 2 mills and from Montana Power Co. for 2 mills and from the Bureau of Reclamation for 2 mills.

Mr. BURDICK. I believe you testified in response to a question by Mr. Haley that you considered the Palisades project a good project, a feasible project.

Mr. NAUGHTON. Yes, sir.

Mr. BURDICK. You have been in the committee today and yesterday, I presume.

Mr. NAUGHTON. Yes, sir.

Mr. BURDICK. You have heard the various witnesses?

Mr. NAUGHTON. Yes, sir.

Mr. BURDICK. Did you hear the witnesses testify that with the addition of $50 million which would be the approximate cost of the Burns Creek project, when integrated with Palisades will about double the output of the integrated plant?

Mr. NAUGHTON. Roughly, that is about right on a kilowatt-hour basis.

Mr. BURDICK. Then, if the Palisades project is a feasible project, as you testified, and with less than half additional cost it could produce twice as much, would the integrated plant still be feasible?

Mr. NAUGHTON. Will the reporter read the question?

(The record was read by the reporter.)

Mr. NAUGHTON. I think the most direct answer to that, Mr. Burdick, would be this: Burns Creek would cost $500 a kilowatt. Palisades only cost $185 a kilowatt.

Mr. BURDICK. I do not know where you arrived at those figures. I am just using testimony that I heard. I have heard that Palisades cost considerably more than $50 million. I have heard that Burns Creek would cost about $50 million, which is less than half the cost, yet it will double the revenues and double the output. If the one is feasible why is not the integrated plan feasible?

Mr. NAUGHTON. Well, Palisades had certain amounts allocated to electric power. Burns Creek has substantially greater amounts allocated to electric power. And the analysis which Mr. Hunter will testify to and thoroughly explain, and he is far more familiar with the details of the analysis than I am, I think will clearly show the answers which you are seeking and I defer my answer to Mr. Hunter because I think it is in the interest of your time.

Mr. BURDICK. All right. One more question. I am trying to hurry along.

Based upon the testimony that we have heard so far, there is no indication that any of this power will be used in areas that you already serve. I might say I am referring to Burns Creek.

Mr. NAUGHTON. I would say that a substantial amount of this power would go to areas that we would serve by the time this plant were built. I realize this is an answer that may not be clear to you. I explain it in this way: from 1941 until 1957, we supplied all the requirements of the city of Idaho Falls over and above its own generating capacity. You will recall I said that that buildup in that period of time was to 18,000 kilowatts. Idaho Falls being a preference customer and as such asking for a contract from Burns Creek, if Burns Creek were built, would buy power from Burns Creek.

If Burns Creek were not built, the city will buy power from us under the contract to which I referred earlier because we have an obligation to supply whatever it needs.

Mr. BURDICK. Then we can agree it is not in the area you are presently serving.

Mr. NAUGHTON. I think the question involves a hypothesis without much foundation. It would not exist for 5 years.

Mr. BURDICK. That is right.

Mr. NAUGHTON. And 5 years from now the loads will be substantially higher.

Mr. BURDICK. It would not exist for 5 years and I believe the testimony is that this output of additional power will be taken up by preference customers. That has been the testimony so far.

Mr. NAUGHTON. That is right.

Mr. BURDICK. If none of your areas will be taken in 5 years, can you tell me how any miner will lose a job?

Mr. NAUGHTON. If Burns Creek were not built, it is my judgment that we would supply a great part of the power which the preference customers will need by that time.

Mr. BURDICK. What you are referring to is probably increased jobs in the future some time for miners.

Mr. NAUGHTON. I think both of us have to think of that, because we are talking about a futurity occurring 5 years from now.

Mr. BURDICK. Maybe this is a difficult question, but have you ascertained how many miners have already lost their jobs by virtue of your use of oil and gas and other dump power?

Mr. NAUGHTON. We have two men here who are presidents of coal companies in Wyoming and one in Utah and I believe those gentlemen are far more capable than I and would give you more accurate answers.

Mr. BURDICK. I will defer the rest of my questions until Mr. Hunter testifies.

Mr. ROGERS. Let the Chair make this observation. As soon as the committee resumes sitting, Mr. Hunter will be asked to give his statement and then questions of committee members may be directed to either Mr. Naughton or Mr. Hunter.

The committee stands in recess until 2 p.m., or later.

(Whereupon, at 12 noon, the committee was recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for further consideration of the pending business.

STATEMENTS OF E. M. NAUGHTON, PRESIDENT, AND E. A. HUNTER, ADMINISTRATIVE ASSISTANT, UTAH POWER & LIGHT CO.—Resumed

Mr. ROGERS. As the Chair stated before the noon recess, Mr. Hunter will be recognized to give his statement, and after that questions can be directed to both Mr. Hunter and Mr. Naughton.

Mr. Hunter, you may proceed.

Mr. HUNTER. Mr. Chairman and members of the committee, I am E. A. Hunter, administrative assistant, Utah Power & Light Co. The following statement is made on behalf of Utah Power & Light Co., which opposes the construction of the Burns Creek project.

Utah Power & Light Co. is a public utility supplying electric service to over 200,000 customers in a territory comprising eastern Idaho, that portion of Idaho in which the Burns Creek project would be located, northern and central Utah, and southwestern Wyoming.

This statement is supplemental to the statement I made on behalf of Utah Power & Light Co. before this committee on June 18, 1957, and the statement made by David D. Moffat, Jr., on May 29, 1958, in opposition to this project.

Since the appearances referred to above, we have made further analyses of the Bureau of Reclamation's report on the Burns Creek project and are more thoroughly convinced than ever that Burns Creek is a poorly conceived, unnecessary and extravagant project and not in the best interests of either the taxpayers of the region, the taxpayers of the Nation, or true land reclamation.

The construction of Burns Creek project as proposed in S. 281 would result in the unnecessary and unwarranted expenditure of approximately $49 million. If we are ever to balance our Federal budget, this kind of spending must be stopped.

We object to the project because:

1. Burns Creek is not an irrigation project even though it is proposed as such. Only 1.7 percent of the total estimated cost of ap-

proximately $49 million is allocated to irrigation. It would provide only 100,000 acre-feet of supplemental water which would be used two or three times in 50 years.

2. It is primarily a power project to supply power in an area where no power shortage exists; furthermore, the private utilities have definite plans for furnishing electric power to supply the growing needs of the area.

3. Economically it is an unfeasible project. It would not generate enough revenue to pay even 3 percent interest on the interest-bearing investment charged to the Burns Creek project. Integrated with Palisades, and subsidized by Palisades power revenues, Burns Creek would delay the payout of Palisades by 26 years, 9 years beyond the 50-year payout period.

4. Contended need for reregulation has not been proven, and in any event it could be provided at a cost estimated at about $4,500,000.

5. The construction of Burns Creek would launch the Bureau of Reclamation on a policy committed to the assumption of utility responsibility in the area forever after, which policy has now been promulgated by the Bureau.

The 1957 Burns Creek report, 85th Congress, House Document 147, gives the cost as $42,141,000. The most recent estimate by the Bureau of Reclamation is $48,870,000. The next estimate will undoubtedly be in excess of $50 million.

There is no justification for such a costly and unsound project.

Benefits to irrigators provided by an additional 100,000 acre-feet of supplemental storage water for irrigation cannot possibly justify Burns Creek. This supplemental storage, according to the region 1 director for the Bureau of Reclamation, would be used "* * * possibly two or three times in a 50-year period." Certainly supplemental storage water which would only be used at such rare intervals cannot justify a $49 million expenditure.

As we pointed out in detail previously, we have played an active role in the development of many reclamation projects in our territory, including the Palisades project which generates large quantities of electric power. We supported Palisades because surplus power revenues are to be used to pay off the North Side Minidoka, Michaud Flats and Fort Hall irrigation projects, thereby conforming to the true concept of reclamation.

The contribution of Burns Creek to irrigation, however, would be insignificant. It is a project primarily for power. Analyses of current data reveal that the power allocation is in fact over 98 percent.

Furthermore, although Burns Creek is primarily a power project, it is recognized by all concerned that it cannot pay its own way. The Bureau has admitted it proposes to sell Burns Creek power below cost, in fact so far below cost that the Bureau's estimated power revenues resulting from Burns Creek would not even pay the interest charges on the project.

I believe it has been said in these hearings that by adding the Burns Creek project downstream from Palisades, that the firm power output of Palisades would be doubled. This is not a true statement.

Burns Creek integrated "electrically, hydraulically, and financially" with Palisades, as proposed by the bill, would produce a net revenue increase of only $1,125,000, which is $311,000 short of meeting the interest obligation at 3 percent on the Burns Creek investment.

It is obvious, therefore, that without help from Palisades, Burns Creek could never pay out. Reclamation would actually be hurt by the use of Palisades revenues to pay for Burns Creek. The large chart before you, a copy of which is attached to my statement, illustrates this fact.

I might say that the vertical scale on this chart A represents the total cost of the project and the horizontal scale the years required to pay out the project.

The bottom chart is Palisades only, and it is actually a plot of the information that has been published by the Bureau of Reclamation. The cost of the Palisades project that is to be repaid is approximately $34 million. That chart shows that the power allocation, the commercial power and the irrigation power, will be paid out in 21 years.

The irrigation features to be repaid by the revenues from Palisades, amounting to $13,961,000, would be paid out in 3 years. At the end of that 33-year period, a surplus of over $1 million annually would result from the operation of Palisades, and at the end of the 59th year would have accumulated to over $30 million. This is without any interest added.

Let us look at the upper chart, chart B.

Mr. ROGERS. Let me ask you one question about that, Mr. Hunter.

The $30 million figure you are talking about, is that a projection of the present power revenues?

Mr. HUNTER. Yes, sir; that is based on present power revenues and present expenses, the difference being the net, when it is all paid out, multiplied by the remaining 29 years.

Mr. ROGERS. Is that all that it could produce—$30 million?

Mr. HUNTER. Yes, sir. That is the maximum amount. That is under the rates that the Bureau proposes to sell the power at.

Mr. ROGERS. Yes.

Mr. HUNTER. The upper chart, chart B, shows the effect of saddling the relatively low cost Palisades project with a very expensive Burns Creek project. The total cost is somewhat in excess of $74 million. By combining the Burns Creek project with Palisades, it would now take 53 years to pay out the irrigation power, as compared to 21 years with Palisades alone. And the irrigation cost to be repaid from power revenues would be postponed in repayment by 26 years and would not be paid off until the end of the 59th year.

Referring back to page 4, chart A, the bottom chart, shows that Palisades, without being burdened with Burns Creek, is scheduled to pay off the power allocation, commercial power and irrigation power, in 21 years. The irrigation cost to be repaid from Palisades revenue would be completely amortized at the end of 33 years.

At the end of the 33d year, an annual surplus of $1,147,800 would become available to aid future worthy irrigation projects if Congress so directed. Refer to table A attached, which was prepared by the Bureau of Reclamation.

The payout period for Burns Creek integrated with Palisades would be 59 years. By that time Palisades, without Burns Creek, would have produced a surplus of approximately $30,300,000, as shown by the chart.

Chart B, the upper part of the same large chart, illustrates the effect of integrating Burns Creek with Palisades, or, to state it more bluntly, the effect of saddling the high investment, uneconomical Burns Creek project on the Palisades project. Use of Palisades revenue to help pay Burns Creek interest would delay payout of costs allocated to Palisades power 32 years or until the end of the 53d year. Repayment of Palisades irrigation costs would be delayed 26 years or until the 59th year.

Details of this derivation are shown by table B attached to this statement.

Contrast this with Palisades without Burns Creek. At the end of the 59th year Palisades, without Burns Creek, would have contributed a surplus of over $30 million, which could be used to aid worthy reclamation projects if Congress so directed.

This does not recognize the loss to the Nation as a result of postponing the repayment of the irrigation features 26 years. Investment in these features is interest-free, but certainly the Government has to pay interest on the money it borrows to build these facilities.

I would not agree that it is proper to ignore this feature; however, the Bureau has evidently operated under this principle for years and it apparently has attained some degree of respectability in the minds of some people.

The Bureau has estimated that if Burns Creek is built, taxes foregone because of Federal construction of power facilities would amount to $472,000 a year. During the Burns Creek payout period, these foregone taxes would equal $24 million. The taxes and surplus subsidy to Burns Creek therefore, without interest on such subsidy, during the Burns Creek payout period would be: Loss of taxes, $24 million; loss of Palisades surplus, $30 million; total, $54 million.

If interest at 3 percent annually on the taxes and surplus subsidy is added, the total subsidy would be increased to $100 million.

Mr. HALEY. Mr. Chairman, could I inquire?

Mr. ROGERS. Mr. Haley.

Mr. HALEY. Mr. Hunter, I note in your statement on page 5 that you say there would be a loss of taxes amounting to approximately $24 million.

Mr. HUNTER. Yes, sir.

Mr. HALEY. Let me ask you this: Is that a loss in taxes to the Federal Government, the local government and the State government?

Mr. HUNTER. Yes, sir.

That represents the taxes that would be paid in connection with alternate facilities that would be required to generate this Burns Creek power, if the private companies did the job.

Mr. HALEY. Have you broken these figures down to how much the loss would be in Federal taxes, local taxes, and State taxes?

Mr. HUNTER. I have not, but I would say that they would perhaps be split on about a 50–50 basis. That is not exactly correct, but I think it is approximately of that magnitude.

Mr. HALEY. Approximately 50 percent would be approximately $12 million from the Federal Government and $12 million from the State or local?

Mr. HUNTER. Yes, sir.

Mr. HALEY. The point I am trying to make is: The 50 percent that would be lost to the Federal Government would be $12 million, and out of the remaining $12 million would that be a loss in State taxes or would it be a loss also in local taxes?

I am referring to such things as the school boards.

Mr. HUNTER. It would very definitely be a loss to the schools. They would have to raise more money, they would have to have more taxes to operate their schools. The State would have to have more money to build their roads. You would have to have more money out there locally to do everything that the local governments have to do with tax money.

Mr. HALEY. Thank you.

Mr. ROGERS. You may proceed.

Mr. HUNTER. Loss of taxes added to $30 million if Burns Creek were so built would amount to $54 million, if Burns Creek is saddled to Palisades.

Mr. HALEY. When you come right down to it, the construction of this facility would not cost $50 million, but it would be a cost substantially above $100 million as the full figure?

Mr. HUNTER. Yes, sir. The cost to the taxpayers of the country would be of the order of $150 million.

Mr. HALEY. Construction and the loss of taxes and other things would be over $100 million?

Mr. HUNTER. Yes, sir.

The original cost of $50 million is only about a third of the ultimate cost to the taxpayer.

Mr. HALEY. Do not ever think if this project is authorized that they will build it for $50 million, either.

Mr. HUNTER. I think that a rise in cost is inevitable. We have inflation which raises our costs every year.

I think if it is built, you are right, the costs will be considerably more.

It is recognized that the construction of the Burns Creek project would be a blow to the coal mining industry in the Utah-Wyoming area. In an attempt to alleviate this, an amendment to S. 281, providing that the installation of the generating facilities be scheduled on the basis of providing the additional power requirements of the preference customers, was made to the bill in the Senate. The effect of such amendment would not improve the coal miners' situation, but would only lengthen the payout period of the project and make the project even more uneconomical.

Need for river reregulation has been advanced in attempting to justify Burns Creek. Need for such reregulation, however, has not been supported by any tangible evidence that we have been able to find, but seems to be based on speculation as to what some future condition may impose. Even the Bureau of Reclamation does not assign a single dollar of value to this use.

Should experience prove that reregulation is in fact necessary, there would be absolutely no justification for constructing the Burns Creek project as presently proposed.

Burns Creek would have 90,000 kilowatts of capacity requiring at full load approximately the same amount of water now released by Palisades. The Burns Creek powerplant could be operated in a manner which would create exactly the same stream fluctuations downstream that the irrigators feel could result from the operations of Palisades.

A more logical and economical way to provide reregulations, if it ever be needed, would be to construct a dam to provide a reregulation reservoir of only 17,000 acre-foot capacity which would adequately do the job.

According to various estimates, such a dam could be constructed for about $4,500,000. We understand that in 1953 the Bureau gave consideration to this approach and at that time submitted an estimate that such a reregulation dam could be constructed for $2,128,000.

In this connection, a Bureau witness testified before this same committee last August:

> However, we could accomplish the same thing cheaper if we purchased power to firmup Palisades; therefore, we did not believe it was a justified investment.

Despite this admission, the Bureau now proposes to spend almost $49 million for a project, the primary purpose for which the bill states is reregulation. One of the Bureau of Reclamation's Palisades repayment studies shows that in a 26-year period the average cost of purchased capacity and energy to firm up Palisades would be only $27,000 per year, a rather insignificant amount, to justify the expenditure of $50 million.

A similar repayment study covering Burns Creek and Palisades combined shows an average annual purchase of capacity and energy amounting to $23,000 per year.

The conclusion to be drawn from the Bureau's two studies is that by spending almost $49 million to reregulate the flow of the river to improve the output of Palisades, the amount of power purchased to firm up Palisades has been reduced from the insignificant amount of $27,000 per year by only $4,000 per year.

Does anyone believe that this kind of a benefit justifies the expenditure of almost $49 million?

I am not surprised that the Bureau passed by reregulation when it came to allocating costs. We submit, therefore, that further study should be made of the need for reregulation before any action is taken.

Although Burns Creek is a power project, there is absolutely no excuse or justification for the contention that additional power is required in the area.

A report to the Federal Power Commission of April 27, 1959, lists the total peakload anticipated in the Utah-Idaho area for 1959, including the total loads of the Bureau of Reclamation's Boise, Minidoka, and Palisades projects, which includes the loads of customers requesting Burns Creek power.

The report also shows that there is installed capability available to carry this load, with a surplus in excess of 408,000 kilowatts. This

same report shows that in 1962 the surplus, and this figure does not include Burns Creek, will be over 388,000 kilowatts.

To assure ample power in the region, Utah Power & Light Co. and other utilities in the immediate area will install almost a million kilowatts in the next 7 years. This capacity, provided at not 1 penny of cost to the Federal Government, will be entirely adequate to meet the total power requirements in the area, including those of the preference customers.

Furthermore, to emphasize the ridiculous nature of the contention that there is a power shortage, I refer to the request for Burns Creek power from the preference customers contained in Senate Calendar No. 434, Report No. 439, 86th Congress, 1st session.

Of the total request of almost 97,000 kilowatts of some 19 preference customers, 30,000 kilowatts is for one customer, the Westside Electric Irrigation Cooperative, which exists only on paper. At the present time they are not consuming $1 worth of power, nor do they have any facilities to handle any power.

This "paper" organization owns no electrical facilities whatever and consumes not 1 kilowatt of power. Obviously, such request is completely unrealistic and the total request padded by some 30,000 kilowatts. This organization is in the territory now served by the Utah Power & Light Co. and if such load should develop, it could be adequately served by existing facilities.

Included in the list of preference customers requesting power are a group known as the Snake River Power Association, Inc. Data on the loads of these customers are available, and from an analysis of their energy requirements during the past 3 years, it appears that their annual rate of growth has been less than 4 percent. Contrast this with their request for power which would require an average increase of about 20 percent per year for the next 11 years. This, to us, appears to be anything but realistic.

I'd like to state again that there is now more than ample power in the area to take care of all power needs and that the utilities have firm plans to supply all future loads that will develop.

We have referred to the reports to the Federal Power Commission, which conclusively prove that there is no power shortage in the area. There is no shortage of power; there is only a shortage of Government power to supply the requirements of a few preference customers who can be adequately supplied by private companies serving the area.

Mr. N. B. Bennett of the Bureau of Reclamation, testifying on May 11, 1959, before the Senate Subcommittee on Irrigation and Reclamation with respect to S. 281, stated:

> * * * if the Utah Power & Light, or the Idaho Power, in whose market area most of these customers are, (is) the agency to serve these increased loads, then that is a different question, but these people now have contracts for power with the Federal Government and we believe that they should continue to receive from the Federal Government power to meet their growing loads.

We emphatically oppose the philosophy expressed by Mr. Bennett. We submit that these preference customers are not entitled ad infinitum to federally generated power and energy to meet their load growth.

14	15	16	17	18	19	20	21	22
Repayment from Power Revenues							Year of Study	
Plant	Interest Free Allocation							
	Irrigation Power		Aid to Irrigation					
Balance to Be Repaid	Required Payment (2)	Balance to Be Repaid	Required Aid (2)	Balance to Be Repaid	Earned Surplus Cumulative	Fiscal Year	Burns Creek	Palisades
$	$	$	$	$	$			
4,220,057	4,154,515	4,154,545	4,669,000	4,669,000	0	Prior to 1958		0
4,814,697	8,214,760	8,214,760	9,568,000	9,568,000	0	1958		1
4,947,544	8,214,760	8,214,760	9,568,000	9,568,000	0	1959		2
5,080,370						1960		3
5,206,981						1961		4
5,315,390						1962		5
5,408,052						1963		6
5,482,494			9,568,000	9,568,000		1964		7
5,839,169			9,642,000	9,642,000		1965	0	8
6,151,544						1966	1	9
6,443,290			9,642,000	9,642,000		1967	2	10
6,713,789			13,990,600	13,990,600		1968	3	11
6,962,403						1969	4	12
7,188,475						1970	5	13
7,391,329						1971	6	14
7,570,269						1972	7	15
7,724,577						1973	8	16
7,853,514						1974	9	17
7,956,319						1975	10	18
8,038,209						1976	11	19
8,080,375						1977	12	20
8,098,986						1978	13	21
8,090,186						1979	14	22
8,050,092						1980	15	23
7,977,895						1981	16	24
7,874,432						1982	17	25
7,737,865						1983	18	26
7,567,201						1984	19	27
7,361,417						1985	20	28
7,119,480						1986	21	29
6,840,244						1987	22	30
6,522,651						1988	23	31
6,165,531						1989	24	32
5,767,697						1990	25	33
5,327,928						1991	26	34
4,844,966						1992	27	35
4,317,515						1993	28	36
3,744,240						1994	29	37
3,123,767						1995	30	38
2,454,680						1996	31	39
1,735,520						1997	32	40
964,786						1998	33	41
140,930						1999	34	42
262,358						2000	35	43
1,327,429						2001	36	44
2,334,452						2002	37	45
3,281,766						2003	38	46
4,167,337						2004	39	47
4,989,557		8,214,760				2005	40	48
0		6,961,204				2006	41	49
		4,688,404				2007	42	50
		2,415,604				2008	43	51
		142,804		13,990,600		2009	44	52
		0		11,860,604		2010	45	53
				9,587,804		2011	46	54
				7,315,004		2012	47	55
				5,042,204		2013	48	56
				2,769,404		2014	49	57
				496,604	0	2015	50	58
0	8,214,760	0	13,990,600	0	1,776,196	2016	51	59
0	8,214,760	0	13,990,600	0	1,776,196	TOTAL		

ble attached hereto) with exception that column 7 - "All Other El. Oper. & Maint. Exp." - has been
arch 1956 to $186,000 to reflect escalation in material and labor items between January 1956 and

and Burns Creek Power System Average Rate and Repayment Study" dated March 20, 1959.
nal U.S.B.R. study of March 1956 (page 22, H.D. No. 147, April 5, 1957) escalated to reflect increase

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ARD

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CO

1	2	3	4	5	6	7	8	9
Year of Study				Operating Revenue Deductions				
Pali-sades	Burns Creek	Fiscal Year	Total Operating Revenue (2)	Purchased Power (2)	Transmission Service (2)	All Other El.Oper.& Maint.Exp. (3)	Provision for Replacements (2)	Total Columns 5-8
			$	$	$	$	$	$
0	Prior to	1958	389,664	0	12,832	89,326	43,000	145,178
1		1958	1,538,714	0	171,566	251,367	117,000	540,033
2		1959	1,879,000	0	220,000	300,200	137,000	657,200
3		1960	1,908,000	27,000	217,000	325,400		706,400
4		1961	1,925,000		237,000	348,200		749,200
5		1962	1,946,000		246,000	348,200		778,200
6		1963	1,957,000		288,000	348,200		800,000
7		1964	1,970,000	27,000	310,000	348,200	137,000	822,200
8	0	1965	2,818,000	25,000	424,000	441,000	218,000	1,108,200
9	1	1966	3,667,000	23,000	537,000	534,200	300,000	1,394,200
10	2	1967						
11	3	1968						
12	4	1969						
13	5	1970						
14	6	1971						
15	7	1972						
16	8	1973						
17	9	1974						
18	10	1975						
19	11	1976						
20	12	1977						
21	13	1978						
22	14	1979						
23	15	1980						
24	16	1981						
25	17	1982						
26	18	1983						
27	19	1984						
28	20	1985						
29	21	1986						
30	22	1987						
31	23	1988						
32	24	1989						
33	25	1990						
34	26	1991						
35	27	1992						
36	28	1993						
37	29	1994						
38	30	1995						
39	31	1996						
40	32	1997						
41	33	1998						
42	34	1999						
43	35	2000						
44	36	2001						
45	37	2002						
46	38	2003						
47	39	2004						
48	40	2005						
49	41	2006						
50	42	2007						
51	43	2008						
52	44	2009						
53	45	2010						
54	46	2011						
55	47	2012						
56	48	2013						
57	49	2014						
58	50	2015						
59	51	2016	3,667,000	23,000	537,000	534,200	300,000	1,394,000
TOTAL			203,322,378	1,333,000	29,533,518	30,044,493	16,500,000	77,411,011

Notes: (1) Basic data identical in all respects to that supplied in table attached to letter to Mr. A
increased from $164,000 (which figure, adjusted for allocation to be repaid by purchaser
March 1959.

(2) See "Combined Palisades and Burns Creek Power System Average Rate and Repayment Study" da

(3) Palisades cost from U.S.B.R. study - "Palisades Project Power System Average Rate and Rep
Burns Creek, from "Combined Palisades and Burns Creek Power System Average Rate and Repay
in material and labor items between January 1956 and March 1959

TABLE B

COMBINED PALISADES AND BURNS CREEK POWER SYSTEM REPAYMENT STUDY
PALISADES PROJECT
PREPARED BY UTAH POWER & LIGHT COMPANY (1)

	9	10	11	12	13	14	15	1
			Investment Repayment from Power Revenues					
			Interest Bearing Allocation to Com. Elec. Plant				Int	
							Irrigation Power	
ion r nits)	Total Columns 5-8	Net Rev. Columns 4-9	Interest 3%	Principal	In Service End of Yr. (2)	Balance to Be Repaid	Required Payment (2)	Bal Be
	$	$	$	$	$	$	$	
,000	145,178	224,486	0	224,486	6,444,543	6,220,057	4,154,515	4,
,000	540,033	998,681	186,602	812,079	12,851,462	11,814,897	8,214,760	8,
,000	657,200	1,221,800	354,447	867,353	12,851,462	10,947,544	8,214,760	8,
	706,400	1,195,600	328,426	867,174		10,080,370		
	749,200	1,175,800	302,411	873,389		9,206,981		
	778,200	1,169,800	276,209	891,591		8,315,390		
	800,000	1,156,800	249,462	907,338		7,408,052		
,000	822,300	1,147,800	222,242	925,558	12,851,462	6,482,494		
,000	1,108,800	1,709,800	194,473	1,515,325	60,723,462	52,639,169		
,000	1,394,800	2,272,800	1,585,175	687,625		52,151,544		
			1,564,546	708,254		51,443,290		
			1,543,299	729,501		50,713,789		
			1,521,414	751,386		49,962,403		
			1,498,878	773,928		49,188,475		
			1,475,654	797,146		48,391,329		
			1,451,740	821,060		47,570,269		
			1,427,108	845,692		46,724,577		
			1,401,737	871,063		45,853,514		
			1,375,605	897,195		44,956,319		
			1,348,698	924,110		44,032,209		
			1,320,966	951,834		43,080,375		
			1,292,411	980,389		42,099,986		
			1,263,000	1,009,800		41,090,186		
			1,232,706	1,040,094		40,050,092		
			1,200,603	1,072,197		38,977,895		
			1,169,339	1,103,463		37,874,432		
			1,136,233	1,136,567		36,737,865		
			1,102,136	1,170,664		35,567,201		
			1,067,016	1,205,784		34,361,417		
			1,030,843	1,241,957		33,119,460		
			993,584	1,279,316		31,840,244		
			955,207	1,317,593		30,522,651		
			915,680	1,357,120		29,165,531		
			874,966	1,397,834		27,767,697		
			883,031	1,439,769		26,327,928		
			789,838	1,482,962		24,844,966		
			745,349	1,527,451		23,317,515		
			699,525	1,572,275		21,744,240		
			652,327	1,620,473		20,123,767		
			603,713	1,669,087		18,454,680		
			553,640	1,719,160		16,735,520		
			502,066	1,770,734		14,964,786		
			448,944	1,823,856		13,140,930		
			394,228	1,878,572		11,262,358		
			337,871	1,934,929		9,327,429		
			279,823	1,992,977		7,334,452		
			220,034	2,052,766		5,281,686		
			158,451	2,114,349		3,167,337		
			95,020	3,177,780		989,557		8,
			29,687	989,557		0		6,
			0	0				4,
								2,
,000	1,394,000	2,272,800	0	0	60,723,462	0	8,214,760	
,000	77,411,011	125,911,389	41,206,349	60,723,462	60,723,462	0	8,214,760	

l to letter to Mr. E. Allan Hunter from Mr. W. A. Dexheimer dated March 24, 1959 (table attached hereto) with
repaid by purchasers of irrigation space, appears in original U.S.B.R. study dated March 1956 to $186,000 to r

Repayment Study" dated March 20, 1959 supplied by U.S. Bureau of Reclamation.
verage Rate and Repayment Study" of September 24, 1958 and from "Combined Palisades and Burns Creek Power Syst
rage Rate and Repayment Study" of March 20, 1959, which is same amount used in original U.S.B.R. study of Marc

REGION I
PALISADES

	24	25	26	27	28	29	30	31	32
INVESTMENT REPAYMENT FROM POWER REVENUES						ALLOCABLE UNPAID BALANCE			
Interest Bearing to Commercial Electric Plant			Interest Free Aid to Irrigation Plant		Earned Surplus (Cumulative)	Commercial Electric Plant	Irrigation Plant	Fiscal Year	Year of Study
	In Service at End of Year	Balance to Be Repaid	Required Aid	Balance to Be Repaid					
	$	$	$	$	$	$	$		
46	6,444,543	6,220,097	8,823,543	8,823,543	0	6,444,543	8,823,543	Prior to 1958	0
79	12,851,462	11,814,897	17,782,760	17,782,760	0	12,851,462	17,782,760	1958	1
65	12,851,462	11,814,997	17,782,760	17,782,760	0	12,851,462	17,742,760	Subtotals thru 1958	
53	12,851,462	10,947,544	17,782,760	17,782,760	0	12,851,462	17,782,760	1959	2
74		10,080,370						1960	3
39		9,206,981						61	4
91		8,315,390						62	5
38		7,408,052						63	6
54		6,482,494						64	7
25		5,529,169						1965	8
72		4,547,221						66	9
83		3,535,861	17,782,760	17,782,760			17,782,760	67	10
24		2,494,137	22,131,360	22,131,360			22,131,360	68	11
76		1,421,161		22,131,360				69	12
10		315,996		22,131,360				1970	13
96		0		21,369,036				71	14
0				20,161,236				72	15
				19,013,436				73	16
				17,865,636				74	17
				16,717,836				1975	18
				15,570,036				76	19
				14,422,236				77	20
				13,274,436				78	21
				12,126,636				79	22
				10,978,836				1980	23
				9,831,036				81	24
				8,683,236				82	25
				7,535,436				83	26
				6,387,636				84	27
				5,239,836				1985	28
				4,092,036				86	29
				2,944,236				87	30
				1,796,436				88	31
				648,636	0			89	32
				0	499,164			1990	33
					1,626,964			91	34
					2,794,764			92	35
					3,942,564			93	36
					5,090,364			94	37
					6,238,164			1995	38
					7,385,964			96	39
					8,533,764			97	40
					9,681,564			98	41
					10,829,364			99	42
					11,977,164			2000	43
					13,124,964			01	44
					14,272,764			02	45
					15,420,564			03	46
					16,568,364			04	47
					17,716,164			2005	48
					18,863,964	12,851,462	22,131,360	06	49
0	12,851,462	0	22,131,360	0	20,011,764	6,406,919	13,307,815	07	50
					21,159,564	0	4,348,600	08	51
62	12,851,462	0	22,131,360	0	21,159,564	0	4,348,600	Totals	

	Cost Allocation	Probable Repayment
	$22,456,000	$ -
tion	640,000	-
	$23,096,000	
	$27,082,760	9,300,000
	11,821,240	30,634,222
	$38,904,000	$ 39,934,222
on	1,030,222	
	$61,030,222	$ 39,934,222

tion power facilities.

se includes $17,782,760 for Palisades
,400 for Richard Flats Project and
the Fort Hall Indian Reservation
d Congress, 2d Session).

Prepared by CBB-HB Date 9-24-58

Historical financial data certified correct:

Roger N. Grigg
Chief, Finance Branch

Recommended:

Regional Supervisor of Power

Approved:

Regional Director

	32
	Year of Study
to 1958	0
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thru 1958	
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Totals	

1	2	3	4	5	6	7	8	9	10	11	12	13	14
		SALES OF ELECTRIC ENERGY (Thousand Kilowatthours)					OPERATING REVENUES						
Year of Study	Fiscal Year	Project Use	Firm	Nonfirm	Dump	Total Columns 3 Through 6	Project Use	Firm	Allowances and Discounts	Net Firm	Nonfirm	Dump	Mis Oth
							$	$	$	$	$	$	$
0	Prior to 1958	13,987	30,108	20,331	35,378	99,804	43,555	-	-	104,682	60,992	[illegible]757	2
1	1958	62,605	96,809	155,129	151,192	465,735	195,078	537,775	25,837	512,938	465,118	302,194	6
Subtotals thru 1958		76,592	126,917	175,460	186,570	565,539	238,633	-	-	677,420	526,110	373,141	9
2	59	84,000	124,000	185,000	184,000	577,000	262,000	649,000	32,000	817,000	555,000	364,000	7
3	1960	90,000	137,000	167,000	183,000	577,000	280,000	708,000	35,000	873,000	501,000	198,000	8
4	61	95,000	129,000	129,000	182,000	575,000	296,000	768,000	38,000	730,000	447,000	364,000	9
5	62	106,000	161,000	126,000	182,000	575,000	329,000	821,000	41,000	740,000	378,000	364,000	9
6	63	118,000	165,000	110,000	181,000	574,000	366,000	839,000	42,000	797,000	330,000	362,000	10
7	64	129,000	170,000	95,000	180,000		399,000	860,000	43,000	817,000	295,000	[illegible]	10
8	1965												
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50	07												
51	08	129,000	170,000	95,000	180,000	574,000	399,000	860,000	43,000	817,000	295,000	360,000	1
Totals		6,374,592	8,512,917	5,187,460	9,198,570	29,273,539	19,726,633	-	-	41,039,420	15,562,110	18,397,141	5,4

NOTES:

Col. 3 Ultimate development includes presently estimated loads for the following lands:

Minidoka North Side Pumping Division
Michaud Flats
Michaud Extension of Ft. Hall Project
Milner Low-Lift Irrigation District

Megawatthours shown include losses chargeable to power users.

Col. 4 Firm sales estimated on basis of critical year average winter generation. Includes following:

City of Idaho Falls
Fall River REA
Lost River REA
Lower Valley Power & Light
Minidoka Project (summer energy only)
Employee and other uses

Cols. 8-13 Rates are as follows (see also Col. 14):

Project Use	Rl-P5 Rate Schedule
Firm	Rl-P5 Rate Schedule
Dump	2.0 mills per kilowatthour
Interim Firm	3.0 mills per kilowatthour
Employee	Rl-Ll1 Rate Schedule
Non-firm Seasonal	3.0 mills per kilowatthour

Col. 14 Includes wheeling costs in excess of 1.0 mill per kilowatthour paid by customer. Also included is 80% of net non operating income

Col. 16 Average purchases:

Energy (854,000 KWH)		$ 5,100
Peak*		21,400
		$ 26,500
	Used	$ 27,000

Col. 17 Wheeling charges for loads not served directly from project facilities:

Wells (34.5 kv)	2.04 mills per kilowatthour
Wells (12.5 kv and under)	3.04 mills per kilowatthour
Main Pumping Plants & Minidoka Project	1.12 mills per kilowatthour
Lost River [illegible]	1.28 mills per kilowatthour
Fall River REA	1.16 mills per kilowatthour

Col. 18 The amount for F.Y. 1958 includes $240 for depreciation of movable equipment. The estimate for future years is as follows:

Production Plant	
Operation	$ 76,600
Maintenance	48,000
Transmission Plant	
Operation	41,100
Maintenance	27,900
Administrative & General and Joint	135,000
Total	$ 328,200

*12.0% kW average capacity over 28 months in 26-year period at $1.65 per month.

TABLE A

PALISADES PROJECT

POWER SYSTEM AVERAGE RATE AND REPAYMENT STUDY

AVERAGE POWER RATES USED TO COVER REVENUE DEDUCTIONS AND THE RETURN OF COSTS TO BE BORNE BY POWER

13	14	15	16	17	18	19	20	21	22	23	24
			OPERATING REVENUE DEDUCTIONS						INVESTMENT REPAYMENT		
									Interest Bearing		
									Allocation to Commercial Electric		
Dams	Misc. & Other	Total Columns 6 Through 14	Purchased Power	Transmission Service	All Other El. Operation & Maint. Ex.	Provision for Replacement	Total Columns 16 through 19	Net Revenues Cols. 15-20	Interest 3%	Principal	In Service at End of Year
$	$	$	$	$	$	$	$	$	$	$	$
[illegible],757	29,378	369,664	0	12,852	89,326	43,000	145,178	224,486	0	224,486	6,444,543
302,134	63,196	1,538,714	0	171,666	251,367	117,000	540,033	998,681	196,602	812,079	12,851,462
373,141	93,074	1,908,378	0	184,518	340,693	160,000	685,211	1,223,167	186,602	1,036,565	12,851,462
364,000	77,000	1,879,000	0	220,000	300,200	137,000	657,200	1,221,800	354,447	867,353	12,851,462
398,000	32,000	1,902,000	27,000	217,000	325,400		706,400	1,195,600	328,426	367,174	
366,000	98,000	1,925,000		237,000	348,200		749,200	1,175,800	302,411	873,589	
304,000	95,000	1,946,000		266,000			778,200	1,167,800	276,209	891,991	
362,000	102,000	1,957,000		283,000			800,200	1,156,800	249,462	907,338	
[illegible]	109,000	1,970,000		310,000			822,200	1,147,800	222,242	925,558	
									196,475	953,325	0
									165,375	981,925	
									136,417	1,011,383	
									100,076	1,041,724	
									74,824	1,072,976	
									42,635	1,105,165	
									9,480	315,998	
									0	0	
366,000	109,000	1,970,000	27,000	310,000	348,200	137,000	822,200	1,147,800	0	0	12,851,462
18,397,141	5,442,074	100,167,378	1,323,000	15,362,518	17,679,893	7,010,000	41,375,411	58,791,967	2,649,581	12,851,462	12,851,462

Col. 19 Provision for Replacements estimated on a 3%, 50-year sinking fund basis as follows:

F.P.C. Acct. No.	Item	Provision for Replacements
321	Structures and Improvements	$ 5,288
322	Reservoirs, Dams, Waterways	843
322	Penstocks, Gates, etc., only	11,498
323	Waterwheels, Turbines, Generators	59,346
324	Accessory Electric Equipment	5,386
325	Miscellaneous Equipment	5,676
342	Structures and Improvements	96
343	Station Equipment	30,014
345-6	Transmission Lines	18,360
378	Communication Equipment	95
371-9	General Plant	411
		$137,013
	Used	$137,000

Cols. 24 & 26 Palisades allocations and costs assigned to be returned from power revenues based on the Act of 9-30-50, Public Law 864, 81st Congress. Study assumes ultimate construction of American Falls Powerplant.

Costs	
Palisades Dam and Reservoir	$ 44,735,000
Palisades Powerplant	12,022,000
Palisades Switchyard	1,512,000
Palisades-Goshen Transmission	2,290,000
Communications	46,000
Palisades Village	735,000
Fish & Wildlife and Recreation	640,000
Construction Cost	$ 62,000,000
Interest during Construction	1,030,222
	$ 63,030,222

Cols. 24 & 26 (Cont'd)

	Cost Allocation
Non-Reimbursable:	
Flood Control	$22,456,000
Fish & Wildlife and Recreation	640,000
Total non-reimbursable	$23,096,000
Reimbursable:	
Irrigation	$27,082,760
Commercial Electric Plant	11,821,240
Total reimbursable	$38,904,000
Interest during Construction	1,030,222
Total Palisades	$63,030,222

*Includes $8,214,760 irrigation power facili

Col. 26 Irrigation assistance includes $17,76 Project and $4,348,000 for Michaud Fl Michaud Division of the Fort Hall Indi (Public Law 741, 81st Congress, 2d Sess

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We submit that the Bureau of Reclamation has no obligation, and, indeed, no right, to build powerplants for the solitary purpose of supplying power to a few preference customers in perpetuity. There is absolutely no justification for the Bureau of Reclamation assuming a public utility responsibility in the area and supplying power below cost to a favored few.

We maintain, as we have maintained from the very first, that the $49 million Burns Creek project is not a reclamation or a water development project, but purely and simply a Government power project which would in an average water year, dump about one-half billion kilowatt-hours on an area where no power shortage exists now nor will exist in the future.

To summarize:

1. Irrigation benefits—100,000 acre-feet of storage which might be used two or three times in a 50-year period—are too insignificant to justify this power project.

2. Burns Creek is a power project, pure and simple, 98 percent being allocated to power, and it would produce power for distribution in an area where there is a power surplus.

3. It is an uneconomical project. By itself it can never pay off, and integrated with Palisades it would destroy the ability of Palisades to contribute to the financial assistance of other worthy irrigation projects beyond the next half century.

4. Need for reregulation has not been demonstrated and even if it should be, such reregulation could be provided at an estimated cost of $4,500,000, rather than the $49 million required for Burns Creek.

5. Burns Creek would embark the Bureau of Reclamation on a program of public utility responsibility, which is a complete departure from the long-established concept of reclamation.

For the foregoing reasons, we submit to your committee that S. 281 should not be passed by the Congress.

Mr. ROGERS. Mr. Hunter, did you want your exhibits to be placed in the record, too?

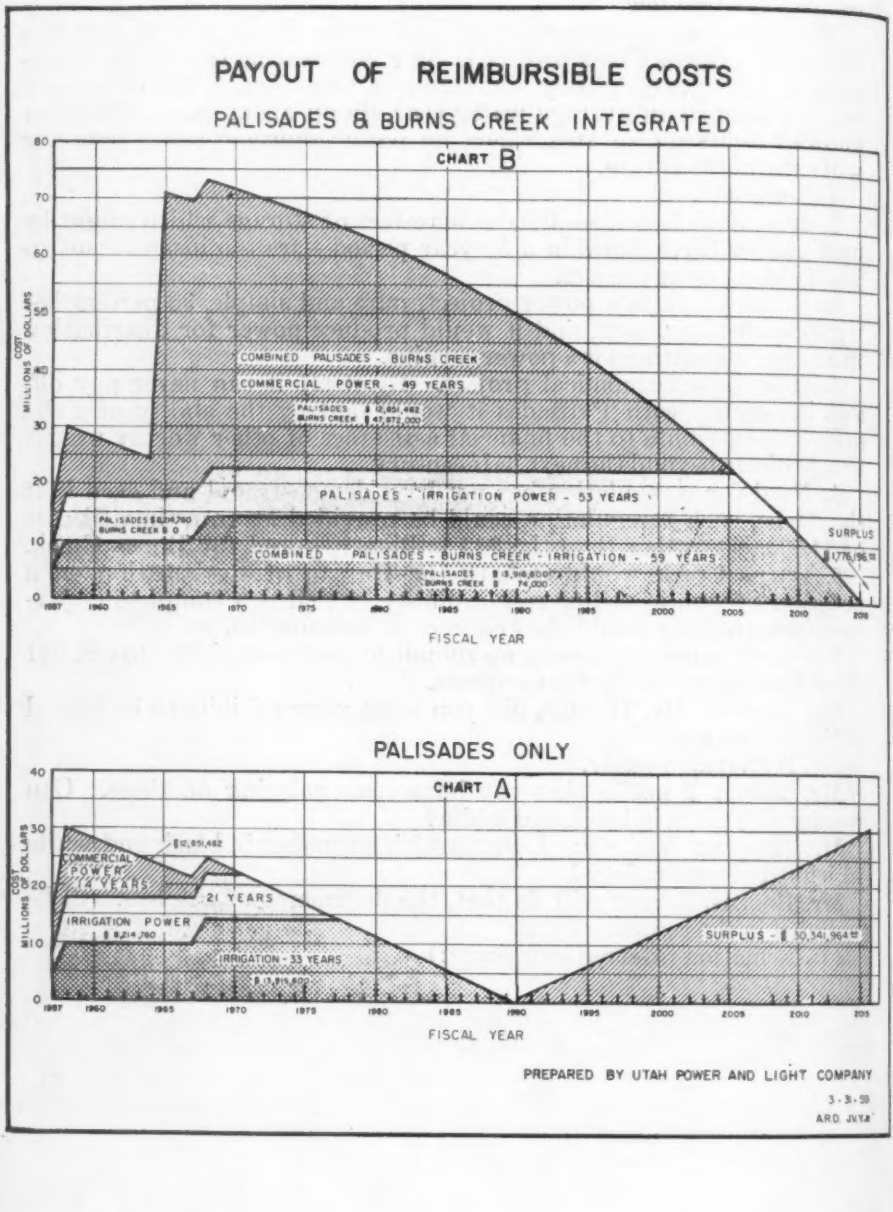
Mr. HUNTER. Yes, sir.

Mr. ROGER. I notice that you have some coloring on these. Can you furnish them in black and white?

Mr. HUNTER. Yes, sir; I can furnish a number in black and white which may be reproduced.

Mr. ROGERS. If you will do that, the documents or exhibits will be included in the record.

(Information referred to follows:)


PAYOUT OF REIMBURSIBLE COSTS
PALISADES & BURNS CREEK INTEGRATED
CHART B
MILLIONS OF DOLLARS
COMBINED PALISADES - BURNS CREEK
COMMERCIAL POWER - 49 YEARS
PALISADES $ 12,851,482
BURNS CREEK $ 47,872,000
PALISADES - IRRIGATION POWER - 53 YEARS
PALISADES $ 8,214,760
BURNS CREEK $ 0
COMBINED PALISADES - BURNS CREEK - IRRIGATION - 59 YEARS
PALISADES $ 13,916,600
BURNS CREEK $ 74,000
SURPLUS
$ 1,776,196.12
1957 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015
FISCAL YEAR
PALISADES ONLY
CHART A
MILLIONS OF DOLLARS
$12,851,482
COMMERCIAL POWER 12 YEARS
21 YEARS
IRRIGATION POWER
$ 8,214,760
IRRIGATION - 33 YEARS
$ 1,916,840
SURPLUS - $ 30,341,964.88
1957 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015
FISCAL YEAR
PREPARED BY UTAH POWER AND LIGHT COMPANY
3-31-59
ARD JVYJ

Mr. ROGERS. Mr. Hunter, I have one question.

You made quite a point about the present supply of power, in that you have ample power, and I believe you said in one place that there was a surplus of power.

If that is true, then information which has been furnished to the committee referring to a critical shortage of power at the present time would not be correct; would it?

Mr. HUNTER. That statement that there is a shortage of power is not correct.

Mr. ROGERS. I have received some telegrams and some letters indicating that there is a critical shortage of power in that area. I gathered from your statement, and actually from the State of some of the proponents, that such is not the case at the present time.

As the matter presently stands, how long would it be before there would be a critical shortage of power in that area?

Mr. HUNTER. As has been pointed out, the private companies are in the business to supply power in the area. We have long-range plans, looking ahead. We will always be ahead of the requirements, so I think I can safely say that there never will be a critical shortage of power in this area.

Mr. ROGERS. If you didn't do anything to carry out your program or if Burns Creek was not constructed, how long would it be before the present facilities, under the ordinary growth out there or the growth that you expect, could not supply the demand?

Mr. HUNTER. I would say the average annual growth in that particular area is probably of the magnitude of 100,000 to 125,000 kilowatts a year. So mathematically, you can determine that 400,000 divided by 125,000 would be about 3 years until that amount of power could be used up.

But in the meantime, the Idaho Power Co. is going ahead full speed in constructing the Ox Bow unit. We are going ahead with the Kemmerer project to be ready in the fall of 1963. I don't think there will ever be a shortage in the area.

Mr. ROGERS. Mrs. Pfost.

Mrs. PFOST. Mr. Naughton, in answer to a question this morning, you mentioned something about 2-mill power. Did you refer to power you buy or power that you sell?

Mr. NAUGHTON. That is something we buy, Mrs. Pfost, and I think I better clarify that. Apparently you did not quite understand what I meant.

As an element of producing power we have fuel costs, and the turbines are operating up to speed, are manned, are in a powerplant on which fixed charges have to be paid. In view of the fact that the friction to turn the generator and the turbine is already paid for, because it has to be up to speed, the incremental additional fuel, or the decrement reduction in fuel, whichever the case may be, averages about 2 mills per kilowatt-hour under prevailing fuel costs.

Mrs. PFOST. You have answered my question.

I was interested in whether or not this 2-mill figure took in an investment return.

Mr. NAUGHTON. No; nor the operating labor nor the maintenance, and so forth.

Mrs. PFOST. That is just merely the fuel costs?

Mr. NAUGHTON. That is right; yes, ma'am.

Mrs. PFOST. Thank you very much.

That is all, Mr. Chairman.

Mr. ROGERS. Mr. Saylor.

Mrs. PFOST. I will reserve my time, if I may.

Mr. SAYLOR. First let me commend you two gentlemen for your statements.

Do either of you gentlemen know, or did you know, a Mr. George R. Corey?

Mr. NAUGHTON. Yes; Mr. Corey was associated with our company from 1913 until he died just a year ago. He retired in 1958.

Mr. SAYLOR. To substantiate your statement, Mr. Naughton, in case there is any doubt in anyone's mind, I would like to read from Mr. Corey's statement before this committee in 1949, on the hearing on the Palisades Dam and Reservoir project. At page 200 of that report appears the following excerpt from Mr. Corey's statement:

> With reference to H.R. 5506, now being considered by this committee, I want to emphasize that our company is heartily in favor of construction of the Palisades Dam and the installation of a powerplant of such capacity as is justified for the generation of the available firm power and summer power for irrigation pumping.

In case there was any doubt in anybody's mind that your company in 1949 supported this project, the record is available.

I notice in Mr. Corey's statement further, and I read from pages 200–201:

> Our company, now as in the past, stands ready to construct transmission facilities to take construction power to the Palisades Dam, and later to bring Palisades power to its Goshen substation and to purchase all or any part of the firm power resulting from the operation of the Palisades plant in such amounts of secondary or dump power as can be used efficiently only by a large-sized team of hydro and steam connections as can be used in the interconnecting systems, to deliver power at its Goshen substation in the city of Idaho Falls, charging only a reasonable amount for such services, to cooperate with the Idaho Power Co. in transmitting power generated at the proposed American Falls, and to transmit power over its then existing lines for use by reclamation pumping projects or other Bureau requirements under contracts to be negotiated with the Bureau.

I would like to ask if your company did construct the lines to the damsite.

Mr. NAUGHTON. The Bureau of Reclamation elected to build its own power. We did furnish the Bureau's contractor for the development of Palisades all the power that he needed.

I might also add that the various things which Mr. Corey enumerated there which our company would do, our company has done, with the exception that I noted. As a matter of fact, we have an agreement with the Idaho Power Co., and we each have agreements with the Bureau of Reclamation which we executed with Mr. Nelson, the head of that region, several years ago.

We are purchasing all the dump power that the Bureau desires to sell. The terminus of the Bureau's transmission line is in our switchyard. We have had thoroughly amiable relations with the Bureau of Reclamation in all those transactions.

Mr. SAYLOR. Mr. Hunter, if I could refer to your calculation, you stated that this project, Burns Creek, will not pay for itself as an individual operation. Is that correct?

Mr. HUNTER. That is correct.

Mr. SAYLOR. In arriving at that figure, what interest rate did you use?

Mr. HUNTER. I used an interest rate of 3 percent.

Mr. SAYLOR. Assuming the maximum production which the Bureau states they can produce at that site, how far short are you of meeting annual costs according to your figures?

Mr. HUNTER. Approximately $300,000 a year short of meeting annual costs, including interest at 3 percent.

Mr. SAYLOR. Do you have available the figures of what the Government is now paying for money, for long-term bonds?

Mr. HUNTER. I do not have it available with me, but I understand it is approaching 5 percent.

Mr. SAYLOR. If this project were authorized, and it was necessary for the Government to borrow money and construct it at the rate of 4½ percent, would you tell us approximately what the deficit each year would be?

Mr. HUNTER. Burns Creek revenues alone would be $1,026,000 per year short of paying the incremental operating costs and interest associated with Burns Creek. Combined revenues would be $45,000 a year short of meeting expenses and interest of the two projects.

Mr. SAYLOR. Let me understand that correctly.

Mr. HUNTER. The deficiency in interest at 3 percent is approximately $300,000 a year, and at 4½ percent that deficiency would have risen to about $1,026,000 a year.

Mr. SAYLOR. $1,026,000 a year?

Mr. HUNTER. Yes.

Mr. SAYLOR. That being the case, what would the effect be upon your chart B?

Mr. HUNTER. That would mean that Palisades would have to subsidize the Burns Creek project by an additional $715,000 a year, and as Palisades revenue would be $45,000 a year that would postpone the pay-out of short of being able to do this, the two projects would never pay off.

Mr. SAYLOR. In arriving at the figures that you have on chart A, did you use the figures as used by the Bureau of Reclamation?

Mr. HUNTER. Yes. It is a plot of the Bureau of Reclamation pay-out table.

Mr. SAYLOR. So that chart A shows that at the end of the year 1990 all of the present irrigation, and power features will have been paid out?

Mr. HUNTER. That is right; the power features as well as the irrigation features to be paid by the power revenues would be paid off. I think the irrigation costs are the Minidoka project, the Micheaud Flats, and the Fort Hall project, the entire cost of those irrigation facilities as well as the power would have been paid out.

Mr. SAYLOR. That part of the Palisades project which has been allocated to irrigation which the irrigators are to pay has not been considered by you in arriving at this figure; is that correct?

Mr. HUNTER. That is correct. This cost is for only the irrigation features to be repaid from the surplus power revenues.

Mr. SAYLOR. Is it your interpretation of the Bureau figures that in the year 2016 there will be a surplus of $30 million-plus?

Mr. HUNTER. Yes, sir; that is right.

Mr. SAYLOR. And if Burns Creek is built and integrated with Palisades, the surplus in that same period of time will be $1,776,000?

Mr. HUNTER. Yes, sir; that is correct.

Mr. SAYLOR. You were using the interest component of 3 percent?

Mr. HUNTER. Well, yes; that table was computed on the basis of interest at 3 percent.

Mr. SAYLOR. And, therefore, if you increased the deficit by $150,000-some a year instead of having the surplus of $1 million as you have shown, you would continue to have a deficit and a continued payout for a great deal longer period?

Mr. HUNTER. Yes, sir; that is a true statement.

Mr. SAYLOR. At the time the Palisades Dam went into operation and the production of power, did the Utah Power & Light Co. have customers in the area that is now being served by the Bureau of Reclamation?

Mr. HUNTER. Yes, sir. We were serving two REA's, the Lost River Rural Electrification Association, the Fall River Rural Electrification Association, and the city of Idaho Falls. The combined load that we supplied them at that time was in excess of 20,000 kilowatts.

I think the energy was almost 70 million kilowatt-hours a year. The revenue that we lost was approximately three-quarters of a million dollars.

Mr. SAYLOR. Do you believe that the officials of your company who appeared here before this committee in 1949 were cognizant of the fact that by supporting that program in 1949, they would stand to lose three-quarters of a million dollars a year?

Mr. HUNTER. Yes, sir. Well, maybe not as to the exact amount, but they foresaw that we would lose that business. But in spite of that, because this was a reclamation project, we supported the Palisades bill.

Mr. SAYLOR. I believe we had testimony from one of you two gentlemen this morning or this afternoon that you already have, with the city of Idaho Falls, another contract to supply them with their needs.

Mr. NAUGHTON. Yes, sir; for 10 years.

Mr. SAYLOR. For 10 years?

Mr. NAUGHTON. Yes, sir.

Mr. SAYLOR. In an effort to arrive at that contract, did you submit to the city of Idaho Falls or to the public utility commission for the State of Idaho your contract?

Mr. NAUGHTON. We submitted the contract to the city council of Idaho Falls, which Mayor O'Bryant is a member of, and I believe the contract had his full concurrence.

Subsequently it was submitted to the Public Utilities Commission of the State of Idaho. In view of the fact that it was a resale contract, we submitted it to the Federal Power Commission. That contract bears the approval of all authorities having jurisdiction.

Mr. SAYLOR. There is one question I do not believe is in the record.

If you sell power in the State of Idaho, is the Utah Power & Light Co. subject to the rules and regulations of the Idaho Public Utilities Commission for all sales within the confines of that State?

Mr. NAUGHTON. That is correct, sir.

Mr. SAYLOR. Do you have any other contracts at the present time with any other customers in the State of Idaho?

Mr. NAUGHTON. Of course, we have literally hundreds of contracts in the State of Idaho. Do you have reference to preference customers, Mr. Saylor?

Mr. SAYLOR. To preference customers.

Mr. NAUGHTON. Yes. The city of Dubois, in the northern part of our system, almost at the Montana line. I mean by that that it is a potential preference customer.

As Mr. Hunter reminds me, we have a contract with the Bureau of Reclamation to wheel Bureau power to two of its customers, to wit, the Fall River Rural Electric Association and the Lost River Association.

We have a contract directly with the city of Idaho Falls whereby we wheel all of its power that it purchases from the Palisades project to outside its city gates.

We have a number of contracts with potential customers in Utah, and in our subsidiary company. Incidentally, I might add that we have interconnections with every one of these customers. We have had them for years. We have gotten along with them. As far as I know, they are thoroughly satisfied with their service.

I might also add, Mr. Saylor, just for the record, we have worked with the REA's since the inception of the REA Act. Over in our western Colorado subsidiary, our first one began in 1938. Three more began in the early 1940's. We get along so well with the rural electric cooperatives that we are now operating a plant for a super co-op.

So I don't think anyone could ever accuse us of not getting along with these agencies. I might also add that as far as I know, our relations are completely amicable.

We lost $1 million at the end of this past year, $1 million revenue, as a result of the rural electrification supercooperative plant and transmission system. Yet we operate that plant for them.

Mr. SAYLOR. In addition to the preference customers, your company serves many private accounts throughout the States of Utah, Wyoming, Idaho, and Montana?

Mr. NAUGHTON. Not Montana. We are not licensed in Montana.

Mr. SAYLOR. Thank you.

Mr. ROGERS. Mr. Haley.

Mr. HALEY. Mr. Chairman, sometimes I regret following the distinguished gentleman from Pennsylvania, to try to question the witness. When he gets through, it kind of reminds me that the remaining questions look about like the carcass of a turkey a couple of days after Thanksgiving—not much left.

The gentleman has asked practically every question that I had here, I might say, and I have them written down.

Mr. HUNTER, on page 3, the last paragraph on that page, where you arrive at the figure of net revenue increases of $1,125,000, what is the basis for those figures? Is it the present price that the Bureau of Reclamation is charging for energy out there?

Mr. HUNTER. The basis for that is the revenues from the Palisades project that they are now receiving, now that that the Palisades plant is in operation, and the Bureau's estimtae of the revenue that they will get when the Burns Creek project is put into operation.

By taking the present net revenues from the total projected net revenues with both plants in operation, I have arrived by difference with that amount of revenue which could be credited to the Burns Creek operation.

Mr. HALEY. That figure, then, would be based on the full capacity of the Burns Creek project in kilowatt-hours?

Mr. HUNTER. Yes, sir. It would be based on any benefits that would accrue due to providing the reregulation and integrating the Burns Creek project with the Palisades project.

Mr. HALEY. In view of your corporation's cooperation with the Bureau heretofore, and apparently that has been a very substantial cooperation, let me ask you this question: If a resurvey of this situation out there would justify the building of what you would say would be about a $41½ million dam which would, apparently, according to your testimony, take care of whatever little irrigation that there might be in here, you would continue that cooperation if it was proven that this was necessary for an irrigation project?

Mr. HUNTER. Yes. We would be right out there with the farmers fighting for this reregulation project, fighting for the project.

Mr. HALEY. Mr. Chairman, I have no further questions. I want to join the distinguished gentleman from Pennsylvania in commending these two witnesses for a splendid presentation which they have made here today. I think that testimony so far would indicate that these two gentlemen, at least, if this was an irrigation project, would be in here probably fighting for it instead of against it. I think that attitude is commendable. Thank you.

Mr. ROGERS. Mr. Chenoweth.

Mr. CHENOWETH. Mr. Hunter, your figures provide for the repayment of the power in chart B, in 49 years, while Palisades would pay out in 14 years. What makes that difference? Why does it take so long for the combined payout?

Mr. HUNTER. I think the answer there, Congressman, is that the additional revenues which would be available to the two projects as a result of building Burns Creek and integrating it with Palisades would still be approximately $300,000 a year short of meeting the interest on the Burns Creek investment alone.

So the delay in repayment results from the fact that money has to be taken, the revenues have to be taken, from the Palisades project to pay off the interest on the Burns Creek project. For that reason, the payout period is extended.

Mr. CHENOWETH. Why did you have to do that? Why can't Burns Creek take care of itself?

Mr. HUNTER. Burns Creek will not generate sufficient revenues to pay even the interest.

Mr. CHENOWETH. But it is essentially a power project, isn't it?

Mr. HUNTER. Yes, but even after they have sold all of the power at the rates proposed, it is short by $300,000-odd a year. The only way that Burns Creek could pay out would be to have the power sold at a considerably higher rate.

Mr. CHENOWETH. What rate are they selling the Palisades power at? Would it be the same rate as Palisades power or cheaper?

Mr. HUNTER. It is sold at the same rate at which the Palisades power is being sold.

Mr. CHENOWETH. Palisades power is to pay out in 14 years. That makes it a pretty good project.

Mr. HUNTER. Yes, but Palisades was built at a cost of $185 per kilowatt. Burns Creek is going to cost over $500 per kilowatt, and therein lies the difference.

Mr. CHENOWETH. You say there is no power shortage in that area now?

Mr. HUNTER. No, sir.

Mr. CHENOWETH. Why do they need a project of this kind?

Mr. HALEY. That is what they want to know.

Mr. CHENOWETH. What is the impetus?

Mr. HUNTER. The impetus is to supply a few preferred customers with power at low cost. I think that is the reason.

Mr. CHENOWETH. You are supplying these people now with power?

Mr. HUNTER. No. We supplied some of them, up until the time that the Palisades project came into operation.

Mr. CHENOWETH. Are they all getting their power at Palisades now?

Mr. HUNTER. Some are getting it from Palisades and some are getting it from other Bureau projects and Government projects in the area.

Mr. CHENOWETH. They are all getting public power now, that is power generated by Federal projects?

Mr. HUNTER. I think most of them, but I am not sure that all of them are. Maybe I can clarify that if I describe their system.

There are the Idaho Power Co. and the Utah Power & Light Co., whose facilities are interconnected through major transmission lines at various points.

Mr. CHENOWETH. You are an interlocking company?

Mr. HUNTER. We have no corporate connection whatsoever, but because of certain advantages of pooling resources and taking advantage of interconnections, we have interconnected with them and also the Montana Power Co.

The energy is generated by the various companies; it flows into a common network. Even the Bureau of Reclamation projects feed into this same transmission network. It is true that these few customers are getting Government power, but if the Burns Creek project is not built, then they are in a position to have power delivered to them from the same transmission system, the power that could be supplied by the private companies.

Mr. CHENOWETH. You say if Burns Creek is not built they will continue to get their power as they are at the present time?

Mr. HUNTER. If Burns Creek is not built, then in a very short time, the Government source of power will be used up, and the alternate source will be the private companies who have ample power available to supply any requirements that they might have.

Mr. CHENOWETH. Is there any dump power at Palisades? Do you buy any of that power?

Mr. HUNTER. Yes, there is quite a lot of dump power generated by the Palisades project, and we are buying it in order to help the feasibility of the Palisades project.

As has been pointed out, it is no particular bargain to us because it just backs off fuel at a comparable cost. But because we have an interest in making the project feasible, we agreed to buy the power, and we are living up to our agreement to buy it.

Mr. CHENOWETH. How long has the Burns Creek project been under discussion?

Mr. HUNTER. The first time we heard of it was in May 1957, I think, 2 weeks before the hearings were scheduled when we managed to get our hands on a copy and analyze it. We determined it was not a good bill. So in 1957 we came back and opposed it.

Mr. CHENOWETH. That is the first you had heard of it? That is the first time you had heard any mention of the Burns Creek project?

Mr. HUNTER. It was the first serious consideration or talk we had heard. We had heard, I think, as early as 1949 or 1950 that they might, the Bureau might—well, that it might be necessary to build a small reregulation reservoir down below Palisades.

But we had never, I had never heard about a large power project such as Burns Creek prior to some time in early 1957.

Mr. CHENOWETH. Reference has been made in the statements here that probably Burns Creek was contemplated as part of the Palisades project when it was originally designed, but the pressure was strong enough that Burns Creek was abandoned in order that Palisades might proceed with construction. Is there any foundation to that contention?

Mr. HUNTER. I have seen the report or comments of the Federal Power Commission which were attached to the Palisades report, and at that time I think the language was that it might be desirable to build a reregulation reservoir below Palisades to iron out the fluctuations of the stream in order to get more peaking power in the wintertime.

That is about the extent of the language that I was familiar with. This was just a small reregulation reservoir, I think, that could be built for a relatively low cost and which would impound only about 17,000 acre-feet of water.

Mr. SAYLOR. Will the gentleman from Colorado yield?

Mr. CHENOWETH. Yes.

Mr. SAYLOR. In clarification of that point, Mr. Chenoweth, I would like to insert into the record a summary that I have just had made for me of when the first mention was made of this reregulating reservoir. I find that in the original documents which were submitted in 1941, the 77th Congress, there is absolutely no mention made of any reregulating reservoir, and there was nothing in the Bureau's report on the Palisades in 1950, and that the reference first found was in the report which the gentlewoman from Idaho read this morning, in the letter from the Federal Power Commission dated January 17, 1950.

Mr. ROGERS. Will the gentleman yield for this insertion?

Mr. CHENOWETH. Yes.

Mr. ROGERS. Is there objection?

The Chair hears none. The insertion will be made as requested.

(The information referred to follows:)

Memorandum to: Congressman John P. Saylor.
From: Geo. S. Green, Clerk to the Minority, House Appropriations Committee.

In response to your oral request I have checked into the question of the validity of the contention of Department of Interior officials and spokesmen that the Burns Creek project has been considered an integral part of the Palisades project from the beginning.

In a letter to Congressman John Taber dated March 21, 1959, Secretary Seaton made the following statement on this subject:

"The Burns Creek unit cannot properly be considered a separate, isolated development. *It has been contemplated from the beginning as an integral part of the Palisades project.*"

The emphasized statement is not in accord with the facts. A reading of the original report on the "Palisades Dam projects" (H. Doc. 457, 77th Cong.), December 1941, discloses no mention whatsoever of a reregulating reservoir, either at Burns Creek or anywhere else. Even in the Bureau's 1950 report on "Palisades Dam and Reservoir project in Idaho" (H. Doc. 720, 81st Cong.), neither the report itself nor the Commissioner of Reclamation's transmittal letter makes any mention whatsoever of any reregulating reservoir.

Additional evidence that Mr. Seaton's statement was not in accord with the facts was further established by the following quotation taken from Commissioner (then Acting) Dominy's letter of February 24, 1959 to Congressman Ben F. Jensen:

"The first study made was in 1951 to determine how much reregulating capacity (pondage) would be required to permit peaking operations of Palisades powerplant. This resulted in a determination that a capacity of 17,300 acre-feet would be required. The next step was an examination of several damsites (such as Swan Valley, Conant Valley, Dry Creek, and Burns Creek—located from 16 to 30 miles downstream from Palisades Dam) to find the most economical location."

Even in this Bureau study of 1951—which was made 10 years after the initial report on Palisades—there was no reference to including power at any reregulating reservoir.

The first reference to a reregulating reservoir is in the Federal Power Commission's January 17, 1950, letter of comment on the Bureau report on the Palisades project (H. Doc. 720, 81st Cong.), wherein the Commission stated:

"The staff also suggest that, prior to the time that the project reaches the construction stage, *consideration be given* to the *possible construction* of a reregulating reservoir downstream from the site of the Palisades project."

In this connection the FPC files contain a September 1949 commentary on the Bureau's Palisades project report in these words:

"No mention is made in the Bureau's report on possible reregulation below Palisades Dam. With the proposed installation of 112,500 kilowatts, it may be desirable to provide a small reregulating reservoir to reduce peak flows. There are numerous possible sites in the 42-mile reach between Palisades and Heise where 2,000 acre-feet of usable pondage could be obtained. One such site is at Dry Creek where a low dam would cost approximately $600,000. It is suggested that the need for reregulation, and the possibilities for economic pondage at sites below Palisades, be investigated."

Certainly the above-quoted record proves quite conclusively that any contention that the Bureau of Reclamation has considered the Burns Creek project an integral part of the Palisades project, from the beginning of the Palisades project, is just not true.

The Palisades project is now completed and in operation. Certainly any new construction construction that is now proposed should be able to create sufficient additional return to justify the incremental cost. This Burns Creek will not do. With regard to reregulation of Palisades water releases, Mr. Fred Aandahl's letter of September 26, 1958, certainly made it plain that operating under existing contracts there can be no variation or surges in water released from Palisades that would be detrimental to the downstream irrigation water users. The attached record of streamflows for the Snake River during the fiscal year 1958–59 water-year indicates that there have been no such detrimental releases.

As a matter of fact, comparison of the Snake River streamflow at Irwin, Idaho, just a few miles below Palisades with the flow at Heise, Idaho, some 30 or 40 miles downstream, show in a number of instances a greater variation in streamflow resulting from the effect of inflows between Irwin and Heise than from the Palisades releases themselves.

GEO. S. GREEN.

FEBRUARY 16, 1960.

51710—60——16

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 12, 1960.

HON. JEROME K. KUYKENDALL,
Chairman, Federal Power Commission,
Washington, D.C.

DEAR MR. KUYKENDALL: Thank you for your letter of February 4, 1960, transmitting information on the proposed Burns Creek project in response to my request of January 19, 1960. I am surprised that my request required the preparation of a considerable amount of detailed information and additional studies. It was to be expected that practically all the information requested would have been readily available and necessary for the preparation of proper answers to the Bureau of the Budget request.

The information supplied was not fully responsive or complete with respect to several of the more important items. A detailed analysis of the information furnished further strengthens the belief that many of the assumptions and conclusions contained in the December 17, 1959, FPC staff memorandum to the Bureau of the Budget are not valid. It is also evident that the memorandum failed to fully answer several of the more pertinent questions from the Bureau of the Budget.

The FPC staff comments on item 13A appear to be in direct contradiction to the position originally taken by FPC in regard to the Palisades project. It is extremely difficult to see how the Commission, in its letter of January 17, 1950 (H. Doc. 720, 81st Cong.) commenting on the Palisades project, could suggest that consideration be given to "the possible construction of a reregulating reservoir below Palisades"—and now take the position that such reregulating reservoir would not "increase the Palisades power value."

It is realized that much of the work done by the FPC staff in connection with the memorandum in question was performed under pressure to supply some sort of an answer in an unreasonably short period of time. It is fully evident that the Burns Creek project as proposed will not provide sufficient incremental revenue to pay the incremental costs. This was recognized and admitted in Mr. Wing's letter of transmittal of the memorandum report.

The interest cost on the Burns Creek power investment, at 3 percent, would exceed the estimated incremental net revenue for Burns Creek by $277,000 annually. In 50 years at 3 percent compound interest, this would result in a cost to the taxpayers of the Nation of some $31,240,000. This would be in addition to the initial power investment of $47,467,000 (including interest during construction). Another added cost to the taxpayers of the Nation by the construction of Burns Creek is one not readily apparent. It is the added interest cost resulting from a scheduled 36-year postponement of repayments on about $22 million or more of "irrigation" and "irrigation power" allocations presently scheduled to be repaid through the use of Palisades power revenues. This would amount to $660,000 a year for 36 years, beginning in the 15th year of the project. At 3 percent compound interest this would total $41,760,000. In addition, Federal taxes forgone on an investor-owned alternate steamplant would amount to at least $170,000 annually. In 50 years at 3 percent compound interest, this would total over $19 million.

Thus, the total cost to the Federal Treasury over a 50-year period would be at least $139 million. Under these circumstances and under the Nation's present fiscal and debt conditions, it would seem only proper that the Commission should have insisted on sufficient time being allowed to make a thorough and factual analysis of the need for, and economic justification for, constructing a Federal Burns Creek power project. This is particularly true where the actual primary purpose is to compete with investor-owned taxpaying utilities who have amply shown that they can and will provide for the future power requirements of the area in question and at reasonable cost.

The attached report has been prepared by my staff and points out in some detail the questionable assumptions and questionable validity of the FPC staff memorandum to the Bureau of the Budget. This report also points out the failure of the FPC memorandum to fully comment on some of the items as requested by the Bureau of the Budget.

I am sending a copy of this letter and the attached report to the Director of the Budget and to the ranking minority member of the Interior and Insular Affairs Committee of the House of Representatives, pointing out the worthless

character of this Burns Creek proposal and the tremendous loss to the taxpayers of the Nation that would accrue through the construction of this project.

Very sincerely yours,

JOHN TABER

REPORT ON FEDERAL POWER COMMISSION STAFF MEMORANDUM TO THE BUREAU OF THE BUDGET IN RESPONSE TO INFORMAL REQUEST FOR FEDERAL POWER COMMISSION COMMENT ON SIX ITEMS RELATING TO THE PROPOSED BURNS CREEK PROJECT

INTRODUCTION

Under date of December 21, 1959, Mr. Francis L. Adams, Chief, Bureau of Power of the Federal Power Commission, in response to an informal request of Mr. Milton Pilcher of the Bureau of the Budget, transmitted to Mr. Pilcher a memorandum report commenting on the following six items:

(1) Comments on engineering feasibility, need for, and purpose of Burns Creek unit as a part of the Palisades project.

(2) Appraisal of dependable capacity and power production.

(3) Appraisal of estimated power benefits, value of power in the area, and taxes forgone.

(4) Appraisal of estimated power costs of Burns Creek.

(5) Appraisal of estimated power rates of Palisades and Burns Creek combined, and a comparison with other rates in the area.

(6) Comments on economic feasibility and repayment.

The memorandum report referred to above was prepared by the San Francisco regional office of the Federal Power Commission. It was comprised of a transmittal memorandum of Lesher S. Wing, regional engineer, and separate memorandum reports by Gordon N. Boyer, James S. Lisk, George R. Bell, and Tony S. Begovich.

QUESTIONABLE FPC ASSUMPTIONS AND CONCLUSIONS

A review of the FPC memorandum report indicated questionable validity of a number of the assumptions and conclusions presented therein. Supplementary information obtained from the Federal Power Commission strengthened this position.

Each of the six Budget Bureau items, and the FPC comments thereon, will be discussed in this report. The reasons and justifications for the opinion that many of the FPC assumptions, methods of analysis, and conclusions are not valid will be presented herein. Comment will also be made in certain instances where it appears that complete and responsive answers were lacking in the FPC memorandum report to the Budget Bureau.

DETAILED DISCUSSIONS OF FPC MEMORANDUM REPORT

Item 1.—Engineering feasibility, need for, and purpose of Burns Creek unit as a part of Palisades project.

PRIMARY PURPOSE OF BURNS CREEK

In the introduction to the Boyer memorandum we find this comment:

"The primary purpose of the Burns Creek development would be to reregulate releases from Pasilades Reservoir. At-site power production and holdover storage for irrigation and recreation are other purposes of the development."

In Mr. Boyer's specific comment on item 1 is the following statement:

"As previously stated, the primary purpose of the Burns Creek unit would be to provide reregulation of Palisades Reservoir releases, and thus permit Palisades powerplant to operate for peaking purposes."

NEEDS FOR BURNS CREEK

Mr. Boyer also admits that they "do not have sufficient data to comment on actual monthly deficiences in Palisades peaking capability to meet customers' loads."

Mr. Boyer concluded his comments on item 1 in these words:

"It should be noted that the need and purpose of the Burns Creek unit is to meet the specific load requirements of the Bureau's preferred customers. The operating revenues derived from these loads are used in determining the financial feasibility of the project, not its economic justification."

On the basis of Mr. Boyer's statements, it is evident that he was not in a position to, nor did he make fully responsive comments or valid conclusions as to, the actual need for the Burns Creek project.

A more proper approach to an analysis of the need for the Burns Creek project would have been to make a study of present and future power needs of the area and the present and probable future provisions for supplying such needs. Certainly, a more proper and valid answer would be to the effect that present power needs of the area are being met and that investor-owned and non-Federal publicly owned utilities can and will continue to provide for all future load growth in the area and at reasonable cost, regardless of whether or not Burns Creek is constructed.

The Bureau of Reclamation has no utility responsibility in connection with the sale of Palisades power. Such power, under the act, is incidental to the primary irrigation purpose of the project. The FPC staff appears to confuse the "desire" of preferred customers for additional power at subsidized tax-free rates with the actual "need" for Burns Creek power in the selected market area.

The fact is that there is ample power in the area now and without question will be ample power in the future (barring the exigencies of war or other unforeseen factors) to serve all the future power requirements of the preference customers and at reasonable rates, without the construction of Burns Creek.

PURPOSE OF BURNS CREEK

Mr. Boyer at first emphasized that the primary purpose of Burns Creek would be to reregulate releases from Palisades. He then confuses "need" and "purpose" and admits what the opponents have been contending all along about the real purpose of Burns Creek, when he said:

"It should be noted that the need and purpose of the Burns Creek unit is to meet the specific load requirements of the Bureau's preferred customers."

As noted, the loads of these preferred customers are now being served and there can be no question about them being served in the future without the construction of Burns Creek. It is therefore quite clear that there is no real need for Burns Creek power and the FPC staff should have so indicated. To confuse "desire" and "purpose" with actual "need" is inexcusable and misleading.

With regard to the "purpose" or "need" for reregulating the releases from Palisades, the FPC staff said in its supplementary information that there would be no incremental power benefits from such reregulation and "no dollar investment for a single-purpose afterbay can be justified on the basis of PSA 41 load requirements." This position appears to be directly opposite to the earlier FPC recommendation relative to the Palisades project that "consideration be given to the possible construction of a reregulating reservoir downstream from the site of the Palisades project."

LACK OF DETRIMENTAL WATER RELEASES FROM PALISADES

Throughout the various hearings and reports on the Burns Creek project, the proponents have, for the most part, attempted to create the impression that the primary purpose of Burns Creek was to reregulate the Palisades discharges to obtain greater peaking capability and to present fluctuation of riverflows that would be detrimental to downstream irrigation.

Actually, normal operating conditions and specified requirements for Palisades irrigation releases prevent any fluctuation in riverflow during the irrigation season, that would be detrimental to the irrigation water users. This was made amply clear in Assistant Secretary Aandahl's letter of September 26, 1958, to Mr. Taber. In the nonirrigation season, restriction on Palisades water releases and variations thereof are primarily related to maintaining certain minimum nonirrigation releases and the prevention of undesirable ice conditions. The FPC comments on item 2 show that the Bureau contemplates operating Burns Creek under the same criteria now applicable to Palisades operation. This means that whatever undesirable variation in flow might result from Palisades operation would also be present in Burns Creek operation.

Item 2.—Appraisal of dependable capacity and power output estimate.

Mr. Boyer's discussions under this item make it clear that the Bureau contemplates operating Burns Creek with the same variations in flow as for Palisades operating alone. It is fully evident that under this plan there could

be no improvement in river water level conditions by the construction of the Burns Creek project.

Mr. Boyer states that the dependable capacity of the Burns Creek project would be 90,000 kilowatts, which is the proposed total installed capacity of the project. For details, he refers to exhibits A and A1, which were prepared by Mr. Lisk and Mr. Bell. The claim that the entire installed capacity of Burns Creek is dependable is not valid. This is fully evident from an analysis of the assumption and methods used by the FPC staff in arriving at their answer. This will be discussed at length later in this report in connection with the comments on item 3.

Mr. Boyer states that there would be no gain in dependable capacity at Palisades by the construction of Burns Creek. This statement raises a question as to the justification for the original FPC recommendation that a reregulating reservoir for the Palisades project should be considered.

No information is presented by Mr. Boyer with respect to an appraisal of power output estimates as requested by the Budget Bureau. Nor is there any indication that any attempt was made to check the Bureau of Reclamation estimated power output figures. The Bureau of Reclamation average rate and repayment studies show incremental sales of electric energy from Burns Creek of 433 million kilowatt-hours. The Bureau and the FPC use a figure of 494 million kilowatt-hours in computing power benefits. No explanation is given for the difference, but it apparently is based on expected power losses.

Item 3.—Appraisal of estimated power benefits (value of power in area) and taxes forgone.

NORMAL METHOD OF DETERMINING DEPENDABLE CAPACITY AND POWER BENEFITS

Normally, the Federal Power Commission is called upon to make the evaluation of power market and power benefits to be derived from Federal hydroelectric projects. With the continuing growth in power requirements in all sections of the country, there is usually no question as to the eventual utilization of power from each power project under consideration. With regard to power benefits, it has been the common practice of the FPC staff to base such benefits on the cost of supplying the same amount and kind of power from the cheapest alternate source.

POWER OUTPUT AT PALISADES AND BURNS CREEK

Power output at the Palisades project in accordance with the reauthorization of that project in 1950 is incidental to the primary use of the project for irrigation. This creates a seasonal pattern of high energy and capacity output in the irrigation months and low output in the nonirrigation months. Burns Creek would have the same seasonal pattern of power availability.

ASSUMPTIONS MADE BY FPC DUE TO LACK OF BASIC DATA

In this instance, the FPC staff admits that it has had to make certain assumptions in its attempt to determine how the Burns Creek project capacity and energy could be utilized in the market area selected and what the power benefits would be. Some general references have been made earlier in this report to the FPC staff admissions on lack of data and inability to make realistic analyses. Certain background data is now necessary for understanding some of the more specific reasons why many of the assumptions and conclusions of the FPC staff are not considered valid.

BACKGROUND DATA ON MARKET AREA SELECTED BY FPC

As a basis for the dependable capacity determination, the FPC staff selected an area designated power supply area 41 as the proper market area for Burns Creek power. About 90 percent of this area's electric power requirements are now being supplied by two major investor owned electric utility companies, the Utah Power & Light Co. and the Idaho Power Co. The peakload of Utah Power & Light Co., which is slightly the larger system, occurs in the wintertime. The trend is said to be toward a continuing and relatively higher winter peak.

Idaho Power Co. has a distinct summer peak, due in large part to irrigation pumping loads. These two companies report to the Federal Power Commission on a combined system basis. In the latest annual report of these companies to the Federal Power Commission (FPC form 12, 1958), the annual peak was re-

ported to have occurred in July and was 54,000 kilowatts higher than the recorded December peak. Estimates of future loads for the next 4 years indicated an expected reduction in this variation between July and December peak of the area to a differential of only 25,000 kilowatts for the year 1962. In addition, the report stated that high load factor industrial loads of considerable size are being served under interruptible and secondary contract provisions which permit curtailment uring the July pool peak. Promotion and large scale development of electric space heating in PSA 41 as has been done in other areas of the Pacific Northwest would tend to and might easily change the future annual peak to a winter peak. Development of offsetting summer air-conditioning loads in this area is not to be expected.

COMMENTS OF FPC ASSUMPTIONS AND CONCLUSIONS

Viewed with the above background data in mind, specific reference will be made to certain of the assumptions and conclusions of the FPC staff that are not considered proper or valid. In order to avoid duplication of comment, both Mr. Boyer's statements on item 2 (appraisal of dependable capacity and power production) and Mr. Bell's memorandum on the method and assumptions used to make this determination will be referred to alternately as necessary.

The use of PSA 41 as the market area for Burns Creek power is a reasonable assumption, if we keep in mind that the actual use of such power would be limited for the most part to a relatively small segment of that area. However, the assumption that the dependable capacity of Burns Creek is determined on the basis of an estimated July 1970 peak load and load shape for PSA 41 does not appear to be valid. In the first place, 1970 is assumed to be the first year Burns Creek would be in full operation. Normally these projects are or should be analyzed on a 50-year period basis. To assume that the power supply and requirement conditions obtaining in the first year of operation would be representative and proper over a 50-year life period is absurd on the face of it.

The estimated peak load and energy requirements for PSA 41 in 1970 were taken from the December 12, 1958, FPC report on "Estimated Future Power Requirements, Region VII and VIII." Only annual figures were given in that report. At the time Mr. Bell's memorandum was written, actual monthly load figures for 1959 were available only for the first 10 or 11 months of the year. For some reason or another, the actual July 1959 peak was considerably higher than estimated by the companies just 1 month before its occurrence. The actual December 1959 peak (reported after completion of the FPC memorandum) was only slightly above the estimated December peak. No explanation is available as to why the variation between the July peak and the December peak in 1959 was different from the normal pattern of the last couple of years or from the previous company estimate for 4 years in the future. Nevertheless, the FPC staff assumed that this exceptional 1959 load pattern would be representative of the future 1970 load, company estimates of the future pattern nothwithstanding. That it will be representative of the monthly distribution and load shapes occurring in 1970 and the balance of a proper 50-year analysis period is extremely questionable.

Another factor apparently not considered by the FPC staff is the fact that some 160,000 kilowatts of high load factor industrial loads are being served under contracts permitting certain curtailment during peak periods. Undoubtedly special rates are given because of these provisions. Under these circumstances, it would seem proper to use a monthly peak variation taking into account these potential curtailments of loads. The results might well be to indicate a firm winter peak for the area and little monthly variation in the firm peaks throughout the year. It might be asked if the effect of weather conditions on peak winter loads have been taken into account. An extremely cold winter could easily create a winter peak. Under these circumstances, the Burns Creek dependable capacity would have to be based on the minimum output period that occurs during the winter and other nonirrigation months.

QUESTIONABLE FPC ASSUMPTION ON LOAD CURVE

Mr. Bell apparently prepared a synthetic load curve for the month of July, based on hourly load data available for the year 1958. Actually, the latest load data reported for July covers only the peak day of that month in 1958. To take this one synthetic load curve developed from 1958 data, to expand it to nearly three times its original size and then assume that this will be the proper load

curve to use to determine the dependable capacity of Burns Creek, is hard to accept as valid.

COORDINATION WITH OTHER AREAS

Data are readily available on the load characteristics and power supply of areas adjacent to and interconnected with the selected market area. Because of a considerable diversity in power supply, and a lesser but important diversity in power requirements, integration and coordination of the power facilities of these various power supply areas is a natural and desirable thing. As noted, the Idaho Power Co. is one of the two major utilities of PSA 41, the Burns Creek market area selected by the FPC staff in their memorandum report. The FPC license issued to the Idaho Power Co. for construction of the Brownlee, Oxbow, and Hells Canyon projects on the Snake River, requires the Idaho Power Co. to coordinate the operations of these projects with the other systems in the Pacific Northwest Power Pool. Because of the diversity in both power supply and peak power requirements, such integration and coordinated operations can be extremely beneficial to the various utilities concerned. Interconnecting transmission lines are now in being which permit considerable coordination and other lines are being planned or constructed which will permit even greater coordination in the future. Contracts or interchange agreements are now in being covering important phases of such potential coordination throughout the Pacific Northwest Power Pool of which the two major utilities of PSA 41 are members.

SURPLUS ENERGY AVAILABILITY FROM ADJACENT AREAS IN JULY

Information prepared by the west group utilities of the Pacific Northwest Power Pool in January 1959 shows that in July of each of the next 10 years there is expected to be excess energy above the needs of that area that totals over 2,200,000 average kilowatts at a minimum, even under adverse water conditions, and running as high at 2,700,000 average kilowatts. Varying lesser amounts are available in the months of April, May, June, and August. In 1969–70 the July surplus energy in the west group is expected to be over 2 million average kilowatts, or 20 times the estimated output of Burns Creek. These months of surplus power coincide to a large degree with the peak load irrigation season of the market area selected for Burns Creek power.

Montana Power Co., the major system in PSA 30 to the north of PSA 41, is interconnected with the Idaho-Utah system. PSA 30 has a winter peak and normally can supply up to 60,000 kilowatts of energy to the Idaho-Utah system in the peak month of July in PSA 41.

ADDITIONAL STEAMPLANT CAPACITY SCHEDULED FOR PSA 41

On October 1, 1959, major investor-owned utlities in Arizona, Colorado, New Mexico, Utah, and Wyoming issued an "Electric Utility Transmission System Study." This study presented estimates of future loads of the various utilities through 1980 and indicated the general location and size of new generating facilities contemplated for supplying these loads. This study indicates an installation of 300,000 kilowatts of new steam capacity in the Utah Power & Light Co. area near Kemmerer in southwest Wyoming by 1965 with a total of 500,000 kilowatts by 1970. Also an addition of 190,000 kilowatts of new capacity in the Salt Lake-Ogden-Provo area by 1970 and 590,000 kilowatts by 1975.

FPC MAKES QUESTIONABLE ENERGY ASSUMPTIONS

Having made the questionable assumptions as to the variations in monthly peaks, Mr. Bell proceeds to make even more questionable assumptions as to the future power supply that would be available to supply PSA 41 loads in 1970. Apparently no attempt was made to obtain or analyze the plans of the two major utilities as to how they contemplated providing for the future growth on their systems. Instead, Mr. Bell arbitrarily assumed, to begin with, that two-thirds of 600,000 kilowatts of the Bureau of Reclamation's Glen Canyon plant now under construction would be utilized in serving the 1970 loads in PSA 41 as would one-half or 54,000 kilowatts from the Flaming Gorge project. Mr. Bell tells us that they had to make an assumption because the Bureau of Reclamation had not yet released information on the allocation of power to be produced by those plants. This power is supposed to be allocated to preference customers

in various areas. Available reports indicate that the Bureau has considered as potential allocations from these plants to PSA 41, a high of 390,000 kilowatts and a low of 170,000 kilowatts. Both of these figures are considerably below the 654,000 kilowatts assumption of Mr. Bell.

Mr. Bell then went on to assume "that energy generation of Oxbow, Hells Canyon, Flaming Gorge, and Glen Canyon could be adjusted, by appropriate storage releases from the large upstream reservoirs, to fit the balance of monthly remaining load requirements after using the other supply available." These assumptions are extremely unrealistic and improper and will be specifically discussed later in the report.

It is interesting to note Mr. Bell's reference to adjusting "releases from the large upstream reservoirs," particularly with regard to Flaming Gorge and Glen Canyon. Just where are these large reservoirs and how can their output be materially adjusted as is indicated, without changing the storage plant power outputs or interfering with irrigation storage or water releases?

It is also questionable whether these proposed adjustments and transfers of power could be made with the system transmission facilities that would be available.

A resulting power flow diagram for all the main transmission lines, for each month of the year, predicated on Mr. Bell's assumed adjustments would undoubtedly be quite revealing.

NEW CAPACITY AND INTERAREA POWER TRANSFERS AND COORDINATION NOT GIVEN PROPER CONSIDERATION BY FPC

It is quite apparent that Mr. Bell did not give proper consideration to the new capacity being planned by the major utilities and systems of the area. When one adds the planned additions to existing capacity, it gives a total for 1970 of over 2,900,000 kilowatts, without any allocation of Glen Canyon and Flaming Gorge. It is apparent therefore that the utilities of the area are, as would be expected, planning on providing the necessary additional capacity to take care of future load growth in their respective areas. It is also evident in Mr. Bell's memorandum report that no consideration was given to the tremendous amounts of dump energy available, during the peak irrigation months, from the west group of the Northwest Power Pool. When questioned on the matter, the reply indicated some slight consideration may have been given. The assumptions made with respect to the operations of Oxbow and Hells Canyon plants in June, July, and December certainly indicated no proper consideration was actually given.

On sheet 1 of item 6 of this supplementing information, the total capability of Oxbrow and Hells Canyon is shown to be 545,000 kilowatts. Under the assumptions made by Mr. Bell, only 243,400 kilowatts of this capacity is shown to be usable in carrying the estimated July 1970 load. In view of the interconnections between the Idaho Power Co. system and Bonneville and other major systems of the west group of the Northwest Power Pool and the directives in the FPC license for the coordinated operation of these Snake River hydroplants with the Northwest Power Pool, this assumption of the FPC staff is completely without justification. With an estimated surplus of energy on the west group system of over 2 million average kilowatts in July 1970, there can be no question that all the Idaho and Utah hydroplant capacity can be made dependable on the load. It would be stupid to believe that the Idaho Power Co. would not be able to coordinate its operations with the power systems to the north and west, so as to obtain surplus energy from those systems in June, July, and August, in exchange for furnishing these systems needed energy and capacity in December and January. Such coordinated operation would, of course, be just opposite to that assumed by Mr. Bell. The effect of his assumptions would be detrimental to both the Idaho system and to the west group systems.

These FPC assumptions relative to adjusting the Oxbow and Hells Canyon energy generation are very surprising. As the record will undoubtedly show, the Federal Power Commission's San Francisco office staff has spent an untold number of man-years and thousands and thousands of dollars on studies relative to a market in faraway California for these tremendous blocks of dump energy now going to waste on the Bonneville system. Why, in the face of this, Mr. Bell would make the assumptions he did with regard to adjusting the operations of Oxbow and Hells Canyon is not understandable. His adjustments would increase the potential power output at downstream plants during June and July, when millions of kilowatts are going to waste, and would curtail such out-

put in December, when it is needed most. Is this the sort of coordination specified in the FPC license? We think not.

FPC ERRORS IN DEPENDABLE CAPACITY DETERMINATION

Using the synthetic load curve for July (developed from the 1958 load data) expanded to nearly three times the magnitude of the 1958 peak, Mr. Bell indicates that he comes out wtih a uniform monthly shortage in the area for 1970 of 154,500 kilowatt capacity. Then Mr. Bell states:

"Thus the area's 1970 annual dependable (in-load) hydro capacity amounts to 2,950 —154.5 or 2,795.5 megawatts (annual area peak demand minus maximum other capacity required). Of this capacity, 90 megawatts are contributed by Burns Creek plant. If the area reserve requirement is estimated to be 10 percent of the 1970 annual peak demand, i.e., 295 megawatts, it can be met by use of idle wheel capacity available in Oxbow, Hells Canyon, Flaming Gorge, Glen Canyon, and the fuel-electric plants. None can be credited to Burns Creek. Therefore, the annual dependable capacity of Burns Creek is 90 megawatts, the plant capacity usable in load in July."

As these conclusions did not ring true, a request was made by Mr. Taber for copies of the detailed data on which these FPC comments were based. The supplemental information received furnished a large amount of additional support for the contention that Mr. Bell's assumptions, methods and conclusions relative to the dependable capacity determination were not valid.

If it was proper to evaluate Burns Creek on the basis of the estimated 1970 load, then it was foolish to go through all the trouble of making the questionable assumptions that Mr. Bell made. It would have been so simple to assume, and correctly so, that if the estimated 1970 load was to materialize, then the utilities would have provided for the load growth through 1969 regardless of what the load shape and monthly variation might be. Then the question with regard to Burns Creek would be: To what extent and how could the Burns Creek power to be used to serve future load growth in the area after 1969? If the area peak was in December or some other month of the period when the Burns Creek project power output was at a minimum, then the dependable capacity would be limited to the Burns Creek capability to serve area loads during such low output months. This would be something less than 30,000 kilowatts. If the area peak was in July, then the dependable capacity of Burns Creek would be increased by the percentage the July peak exceeded the wintertime peak. At most, that would be an increase of 14 percent even on the 1959 monthly variation in peakload. The value or benefits to be attributed to the Burns Creek dependable capacity could properly be evaluated on the basis of the incremental cost of adding this capacity to an existing plant, or even the incremental cost of increasing the size of a planned unit. As indicated, it appears that the maximum dependable capacity properly creditable to Burns Creek would be about 30,000 kilowatts. It might be less.

PROPER EVALUATION OF BURNS CREEK POWER BENEFITS

On the basis of the information brought out previously, it should be clear that the existing utilities contemplate, and would be required to construct, prior to 1970, additional capacity over that now scheduled, if they are to serve the expected load at that time.

If Burns Creek were scheduled for completion in 1969 and available for serving the 1970 load as indicated, then it would have to be assumed that the necessary capacity had been constructed in the area, or provided for through purchase of firm or dump power from other areas, in order to serve the loads up to that time.

It is evident, therefore, that the cheapest alternate source of power for PSA 41 with the characteristics of the potential Burns Creek project would be a combination of surplus hydroelectric energy from the west group of the Pacific Northwest Power Pool, offpeak steam energy from existing or future steam electric plants in PSA 41 or adjacent areas, and alternate new steam electric capacity able to furnish the expected December–January energy ouput of the proposed Burns Creek project, under 1936–37 water conditions; 30,000 kilowatts of additional steam plant capacity would be more than ample for the purpose. With such additional steam plant capacity, combined with BPA dump power available during the months of May through August and offpeak steam energy available at various times and hours during the year, the resulting annual cost of an alternate source of power to Burns Creek should not exceed $1,900,000

or 90 percent of the annual cost of Burns Creek power. This is based on using FPC's $15.10 capacity value, 3.34 mills for steam energy, and 2.50 mills for dump power, plus allowances for losses. Using a power benefit of $1,900,000 would make the benefit-cost ratio for Burns Creek 0.90 to 1 on a 3 percent Federal interest cost and even less on present costs for new money.

As noted above with respect to the discussion on Mr. Bell's memorandum on how the dependable capacity determination was made and the assumptions used, it is believed that considerable amounts of new steam plant capacity not provided for under the FPC assumptions will have to be constructed to serve the future load growth of PSA 41 prior to 1970. By adding the 30,000 kilowatts of steam capacity through construction of larger units than presently scheduled or planned for at existing or new plants, the incremental costs related to such capacity and energy should be materially lower than used above. This should reduce the Burns Creek benefit-cost ratio to an even lower figure, possibly below 0.80 to 1.

Item 4. Appraisal of estimated power costs of Burns Creek

Mr. Boyer's report makes it clear that time did not permit a complete check of the estimated cost of the Burns Creek project and, therefore, the Bureau of Reclamation estimate was accepted at face value. The record of higher actual cost of numerous Bureau of Reclamation projects as compared to original estimate of cost does not recommend such blind acceptance. Nor does Mr. Boyer make reference to the fact that the interest cost of new money is now over 4 percent. Using this higher interest cost would increase the Burns Creek power cost about $500,000 a year.

Item 5. Appraisal of estimated power rates of Palisades and Burns Creek combined and a comparison with other costs in the area

No detailed appraisal of the estimated power rates for Palisades and Burns Creek are given. Generalized statements are made, with the admission that basic data were not available on several of the rates commented upon.

Mr. Boyer's comment that the Bureau of Reclamation power rates are lower than the rates of private power companies in the area is hardly surprising, when around 30 percent of the companies' power revenues are expended for taxes not provided by the Federal projects. A proper appraisal of power rates would have taken cognizance of and commented on this preferential tax treatment.

In regard to power rates it might be of interest to note here that Secretary Seaton, in testifying on Trinity River division before the House Interior and Insular Affairs Committee on February 3, 1958, had this to say about "pooled rates" (called financial integration on Burns Creek):

"A plan of sale from an all-Federal development at a pooled rate is undoubtedly acceptable operating procedure, but in diluting the loss represented by the differential of more than 7-mill cost and 5-mill pooled sale price the only result is to make the loss less obvious. If ratepayers do not absorb this loss, the Central Valley project in its entirety will. There is no alchemy in this pooled rate which can or will transform a loss into a gain."

If we change the 7 mills to 5.4 mills and the 5 mills to 3.4 mills and Central Valley to Palisades, we have the same exact principle. The question is, Why is it wrong in the case of Trinity and right in the case of Burns Creek? In both cases, the taxpayer and irrigation loses.

Item 6—Comments on economic feasibility and repayment

Mr. Boyer earlier in regard to item I, referred to "financial feasibility" and "economic justification" of the Burns Creek project. Mr. Boyer may have felt that the Bureau of the Budget item should have asked for comments on "economic justification." In either event, it is amply clear that there is neither "economic justification" nor "financial feasibility" so far as the taxpayers of the Nation are concerned.

ECONOMIC FEASIBILITY

Mr. Boyer's comments on this portion of item 6 are largely confined to a discussion of four economic feasibility studies supplied by the Bureau of Reclamation and a comparison with the power benefits as estimated by the Bureau of Reclamation and by the FPC staff.

No mention is made anywhere with respect to the fact that it now costs the Federal Treasury over 4 percent interest to obtain funds required to construct new Federal projects such as Burns Creek.

Assuming all other costs and power benefits used by FPC were valid, which is not the case, the presently increased cost of Federal money alone would re-

duce the indicated Bureau of Reclamation and FPC benefit-cost ratios for Burns Creek to near or less than unity.

ADDED BENEFITS OF ALTERNATE STEAM PLANT CAPACITY

Even if the dependable capacity figures used by FPC for Burns Creek were valid, which clearly has not been demonstrated, a proper offsetting credit to the proposed alternate steamplant has been ignored. The construction of a steamplant in a combined hydro steam system such as exists in PSA 41, almost without exception makes it possible to achieve increased dependable capacity and peaking capability from existing or future hydroelectric plants in the area. No credit was given for this in the FPC staff analysis of power benefits for Burns Creek. Proper credit would undoubtedly reduce the estimated benefits of Burns Creek by a considerable amount.

PROJECT REPAYMENT

Mr. Boyer in commenting on the second part of item 6 notes that the Bureau of Reclamation furnished several different rate and repayment studies (the Bureau has so many of these studies floating around it is hard to know which is the official study, if there is one) to the FPC staff.

Mr. Boyer made the following statement on project repayment:

"If Burns Creek were not constructed, all required aid presently authorized would be repaid within 33 years from the time the Palisades project started operation, and at the end of the 61st year the earned surplus would be $32,637,564."

This 61st year of operation (2018) is the same year that total required repayment would be completed on the combined Palisades and Burns Creek projects.

These reported surplus figures are without credit for interest. At 3 percent interest compounded, the total surplus at the end of the 61st year would total $49,200,000. If we assume that this Palisades surplus of $32 million could be applied to additional irrigation development, the loss of this revenue is one measure of the loss to future irrigation development in Idaho by the construction of Burns Creek.

A comparison of the Bureau of Reclamation's various combined rate and repayment studies for Palisades and Burns Creek with the average rate and repayment study for Palisades alone (H. Doc. 720, 81st Cong.) discloses a highly questionable treatment of "irrigation" and "irrigation power" repayments presently required from Palisades power revenues. In the study for Palisades alone, the required aid is shown to be repaid by 1990 or 33 years after the completion of the Palisades project. Under the combined Palisades and Burns Creek study, the repayment on this required "aid" ($22 million) is held up from 1971 to 2007 or 36 years. At 3 percent interest this would cost $660 million per year. This would be an added cost to the taxpayers and at 3 percent interest compounded would amount to $41,760,000 over the 36-year period.

Mr. Boyer states that the annual Burns Creek costs, with 3 percent interest, would exceed the expected Burns Creek power revenues by $1,025,300. However, it is not clear how he arrived at this figure. It appears to have been derived by subtracting the net incremental revenue figure of $1,147,000 from a total estimated annual cost of Burns Creek power amounting to $2,072,300. If this is the case, it represents an error to the extent that duplicate charges for O. & M. and replacements were ignored.

MR. BOYER'S CONCLUSIONS

The conclusions in Mr. Boyer's memorandum are, with a few minor exceptions, in agreement with comments contained in the body of the memorandum. Therefore, these conclusions are not valid, to the extent the basic data and assumptions on which they are based are in error or contrary to actual conditions and proper evaluation. These questionable assumptions and conclusions have been noted throughout this report.

Summary Comments on the Six Bureau of the Budget Items

Comments are presented below on each of the six items listed in the introduction on which the Budget Bureau requested the comments of the Federal Power Commission. These conclusions are believed to be as reasonable and valid as can be made on the basis of known facts.

Item 1

There appears to be no question as to engineering feasibility. There is no real need for Burns Creek power. The primary purpose of Burns Creek is to supply subsidized below-cost, tax-free power to preference customers.

Item 2

Dependable capacity of Burns Creek on the basis of a proper analysis would not exceed 30,000 kilowatts. All the estimated output above the dependable capacity level would be usable as nonfirm seasonal or dump power.

Item 3

Power benefits, based on the logical alternate method of providing for the power needs of the area, should not exceed $1,900,000 and probably would be less.

Item 4

In view of the present increase in actual interest cost for new money over the rate used by the Bureau of Reclamation and the FPC staff, the annual cost would exceed the FPC report estimate by around $500,000.

Based on the record of increased ultimate cost over estimated cost for Bureau of Reclamation project after project, the Burns Creek actual power cost might be considerably higher than now estimated.

Benefit-to-cost ratio on a proper basis would be less than 0.8 to 1.

Item 5

The FPC report presented little information on actual rates in the area, so that comment on this item is limited. FPC report made a general statement that "The rates used by the Bureau are lower than rates of private power companies in the area." One would hardly call this surprising, in view of the fact that around 30 percent of the investor-owned utility revenue goes for taxes. It is ironical that some of these same taxes are used to create tax-free competition.

Item 6

The expected net revenue from the Burns Creek project will lack some $277,000 annually of meeting the interest cost at 3 percent on the power investment. At 3 percent compound interest, in 50 years this would be a loss of $31,240,000 to the Treasury. At 4 percent it would be over 40 percent more.

Postponement of repayment of "aid" to "irrigation" and "irrigation power" now scheduled from Palisades revenue, at 3 percent interest, would be $660,000 annually for 36 years beginning 14 years after Burns Creek completion. At the end of this 50-year period the total interest cost to the Treasury on this postponement at 3 percent compounded, would be $41,760,000. Adding these interest costs to the initial investment, including interest during construction, we find that the total cost to the taxpayers of the Nation would be $120,467,000 in excess of net revenues. Taxes forgone would, at a minimum, approximate some $19 million over the 50-year period.

In attempting to justify the Burns Creek project and show an ultimate payout of the taxpayers' investment the Bureau of Reclamation proposes to utilize Palisades revenues to make up the expected losses from the sale of Burns Creek power. This is called financial integration—which destroys the presently expected $32 million Palisades surplus at the end of the 61st year of that project. This is the measure of loss to potential future irrigation development through the use of the estimated Palisades surplus.

When testifying on Trinity, Secretary Seaton refers to this same sort of financial integration as a pooled rate and says, "There is no alchemy in this pooled rate which can or will transform a loss into a gain." Why, then, does the Bureau of Reclamation try it here?

Mr. CHENOWETH. In response to a question, you stated that your company had supported the Palisades project without reservation.

Mr. HUNTER. Yes, sir.

Mr. CHENOWETH. Even though it was a financial loss to the company?

Mr. HUNTER. Yes, sir.

Mr. CHENOWETH. You did that for the overall betterment and improvement of that area, and with that in mind--that over the long run it might inure to your benefit?

Mr. HUNTER. That is right. We realize that you have to have water in the West for the country to grow, and as the country grows, we sell more power and the benfits come back to us in many ways.

Mr. CHENOWETH. Then it is your contention that the Burns Creek project is not needed in order to satisfy the power needs of that area?

Mr. HUNTER. Yes, sir. We have a very strong feeling along those lines. We are positive that the Burns Creek power is not needed to supply the power requirements of the area.

Mr. CHENOWETH. Who are they going to sell the power to? They cannot construct a project of this magnitude without selling the power to someone. Who is going to buy it?

Mr. HUNTER. I have seen figures purporting to show that the preference customers could take a good portion of this power. I think that probably the end result would be quite similar to the result in Palisades. I think the utilities would have to buy a good share of the dump power in order to take it off the market, because otherwise it would just go down the river and be wasted.

Mr. CHENOWETH. What percentage of the power produced at Palisades would you say the utilities are buying—just approximately?

Mr. HUNTER. I would say perhaps in the realm of 40 percent or somewhere along in there.

Mr. CHENOWETH. About 40 percent of the total power produced at Palisades?

Mr. HUNTER. That is the energy produced.

Mr. CHENOWETH. And if Burns Creek should be constructed, what would you anticipate you would purchase there? Would it be a larger amount of the dump power there, or would there be dump power available?

Mr. HUNTER. Surely there would be dump. I imagine there would be the same proportion of dump power.

Mr. CHENOWETH. Would you be interested in purchasing power? Would you have a need for that additional dump power?

Mr. HUNTER. If the power would otherwise go down the river, and if it were offered to us at a price such that it was in our interest to buy it, I think we probably would buy it.

Mr. NAUGHTON. If the Chair would permit me to supplement Mr. Hunter's answer, in buying this dump power we do not make any money on it. We buy it at the same price, or substantially the same price, that we would buy our fuel for our plants.

Mr. CHENOWETH. Some mention has been made on the cost of power for pumping to continue farm operations, and that they cannot continue to buy power to pump water under the rates that they are now paying.

What are your observations on that situation?

Mr. NAUGHTON. I am glad you asked that, Congressman. In the last 10 years our loads in the Rexburg area alone—if I may interrupt myself, I will say that this map I have placed on the easel is in the general area of northeastern Idaho. Dubois is pretty well near the Montana line. We have served this territory for a great many years. We now are serving about 1,000 wells which have been drilled by the farmers.

The yellow areas on this map show the lands which are now being irrigated by pumped water. Since the advent of sprinkler irrigation, which permits the purchase of a sprinkling system and eliminates the

need to level land as you used to with the gravity type, with the ditches and so forth, you are able to utilize what water is available much more effectively.

You can irrigate about a third more land by sprinkling than you can by the old gravity method. So during that period of time our pumping load in just this area of southeastern Idaho alone has increased from 8,000 horsepower to 45,000 horsepower. Our revenues from this business have increased five times in the last 10 years.

The new irrigated acres in the last 10 years have gone from 50,000 to over 130,000. In other words, the farmers have added about 75,000 acres.

I couldn't help but hear some of the testimony yesterday which would indicate that we charge rather excessive rates for irrigation, for pumping for irrigation. I believe that might have misled this committee because our company has added in this area as I described, and the area between this area and the Idaho-Utah line, almost 100,000 acres under cultivation in the last 10 years.

The Idaho Power Co., which serves a much larger area of Idaho and through the West, serves 400,000 acres. When we consider the cost of power as an element of the farmer's cost insofar as the value of his product is concerned, I think we might use a potato area.

Mr. CHENOWETH. I might state that I have a similar area in Colorado where the farmers have to pump.

Mr. NAUGHTON. Yes, sir.

The farmer, the good farmer, and most of them are good farmers, will raise about 200 sacks of potatoes per acre. Right now potatoes are selling for in excess of $4, I believe, but let's take a long-range average of $2.50. Let's take $2.50 as a long-range figure. There is $500 an acre for value of product. The power cost per acre is about $13.

So I submit to you people that you could give the power to the farmer and it wouldn't have one iota of effect one way or the other on whether he had success or not. The farmers in our area are very successful people. I am sure Mrs. Pfost will readily agree with me. They are good businessmen.

We have worked with them, I would say, for 15 years, when Mr. A. A. Merrell, long a resident of Idaho Falls, first began to develop an area west of Idaho Falls. There were times that Mr. Merrell couldn't pay his bill, but we were all interested in the ultimate development of that because we thought we foresaw something that would be good for Idaho and in turn good for us as a company.

Mr. CHENOWETH. When did this pumping and sprinkling operation begin?

Mr. NAUGHTON. About 12 or 13 years ago. It has particularly come into vogue in the last 10 years.

Mr. CHENOWETH. Is that because of lack of water in your regular irrigation systems?

Mr. NAUGHTON. No; that is an interesting point. Nature has a number of what you might call lost rivers up in this northern area, north and east of Montana. Under the lava beds are tremendous quantities of water, about 250 feet deep. As a matter of fact, if you drill a hole and put your ear to that hole, you can hear the water rushing.

The gentlemen from the Bureau of Reclamation can elaborate on this because they have made studies of it for years. So far as I know, there has been no marked drawdown on the water table in that region. With water at that level, it is of interest to the farmers to drill a well and install a pump. As I said, we have over 1,000 there now.

Mr. CHENOWETH. Do you make the farmer a special rate for his pumping operation?

Mr. NAUGHTON. We have a standard industrial rate that is applicable to this class of business. The farmer enjoys two tax benefits, one is a rollback on the allocated ad valorem taxes, and a rollback on the energy tax which the State imposes on energy generated in Idaho.

Mr. CHENOWETH. What do you mean by a rollback?

Mr. NAUGHTON. At the end of the year, those determinations are made and the farmer gets a rebate. We bill him each month and at the end of the year when those taxes are determined an amount is rebated. The rebated amount is something of the order of a mill and a half per kilowatt-hour.

The larger farmers will enjoy a rate of around 7 mills. We have a number that are between seven and eight. We have some that go up to 10. But the point I want to bring out is that that rate results in a charge on an annual basis of about $13 an acre, and the farmer is able to do a job that has a value of around $500 an acre.

Mrs. PFOST. Will the gentleman yield for a question?

Mr. CHENOWETH. Certainly.

Mrs. PFOST. Did I understand you to say that the farmers are well able to pay this $13 an acre?

Mr. NAUGHTON. Mrs. Pfost, I think the answer to that is evident, because they are doing it.

Mrs. PFOST. Well, there may be a few of the farmers who are doing it, but I do not know a single farmer down in the Boise Valley, where we have a very rich and fertile area, that is paying $13 an acre for water on their land.

Mr. NAUGHTON. I beg your pardon; $13 for the power.

Mrs. PFOST. For the power to pump the water per acre?

Mr. NAUGHTON. That is right.

Mrs. PFOST. That is $13 an acre for power to irrigate one acre of land if I understand you correctly.

Mr. NAUGHTON. That is correct.

Mrs. PFOST. Well, the farmers in the Boise Valley do not feel that they can pay $13 an acre for irrigation water and still get by. In fact, many of the farmers in Idaho aren't getting by anyway. The difference between $8 and $13 an acre is quite an item, on 40 acres. Forty times $5 is $200 a year. That is quite an item to many of our farmers in Idaho.

Mr. NAUGHTON. Mrs. Pfost, I can only cite statistics, of course. Our loads have increased from 8,000 horsepower to 45,000 horsepower in 10 years.

I would like to make this observation: That the number of pumps we are able to service is in excess of 1,000. We have extended our system up into the Mud Lake area. About $3½ million has been invested in the last few years.

In recalling our budget, our construction budget for this year, the loads are quite rapidly increasing up in this Mud Lake area. As a matter of fact, each year I am astounded at the number of new black dots, which represent wells, which come in in this area.

I make this observation, and I don't mean to be facetious in any way, but some measure of the well being of an agriculturalist is what kind of home does he have, how does his family dress, the things that you and I use.

I believe we will find more nice, expensive automobiles in that area than we have in many other areas. God bless them, I love it. I believe you will find more people that are able to take rather expensive vacations from that area. I know them and I talk with them. They are well-to-do people. They are well able to pay the $13, apparently, because they are doing it, and they are adding to their acreage each year.

Mrs. PFOST. Maybe I just hear from those people in the pumping area you refer to who are having very desperate experiences trying to get loans to even improve their farms such as fencing, and so forth. They have exerted every effort in the world and exhausted all resources for funds, and are still, in many instances, having to give up homes on this new land where they have gone to either pump or to sprinkle from irrigation wells.

I have had a great many letters from farmers in southeast Idaho in the last 2 years asking me to do whatever I could to help them get FHA loans or other money to try to save their farms.

I know from personal experience that $200 a year on a water bill for a 40-acre farm in the Boise Valley is an important item to a farmer and, further, we do not consider that farmers can live with $13 an acre for irrigation water. They have all the other operating expenses and taxes above that.

Now I have taken too much of the gentleman's time. I appreciate his yielding to me.

Mr. NAUGHTON. If I may supplement that for a moment, I was born and reared on a farm, and I know the differences in soils. My mother still operates a farm down in Texas, for which I am somewhat responsible. I am not familiar with the quality of the soil in the Boise area. I mean I haven't gone into it as you have, but I do know the quality of the soil in and around the Rexburg, Ashton, and Monteview area.

I have known those people for many years, and I have worked with them for many years. They have been successful. They are efficient farmers. They fertilize and they have gone to mechanization—those things that you know more of than I. All I can do is to recite the facts as I know them.

Mrs. PFOST. I might also add that one of the county agents of a county in my Congressional District in Idaho told me last fall that their number of farms had dropped from 1,900 to 1,200 in the past few years, which was a great source of worry, meaning that many of the smaller or marginal farmers had had to give up title to their land. This is an unhappy situation. I am not blaming it all upon the cost of irrigation water or the pumping services, of course; but, nonetheless, I certainly think it has its share of the burden to bear.

Again, thank you.

Mr. ROGERS. Mr. Ullman.

Mr. ULLMAN. Mr. Naughton, do you have a map showing your service areas in Idaho?

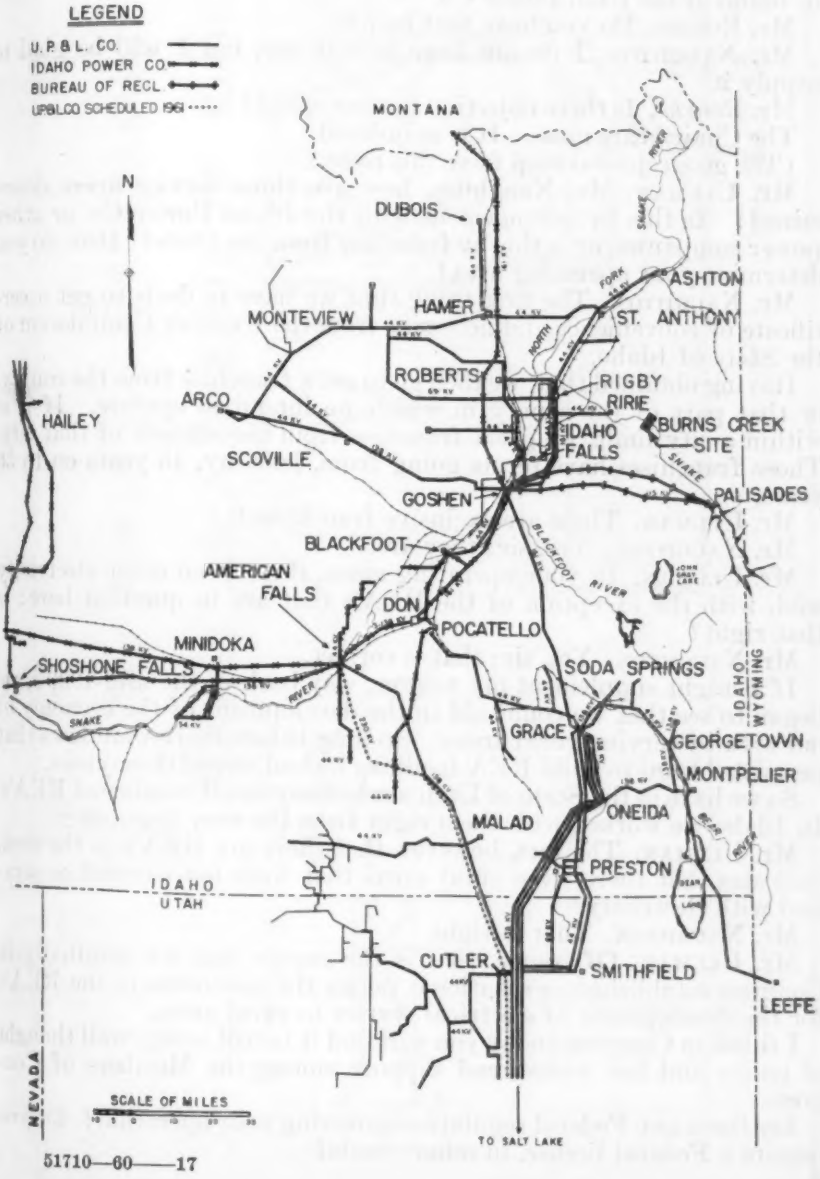
Mr. NAUGHTON. Yes; we do, Mr. Ullman.

Mr. ULLMAN. Mr. Chairman, could I ask unanimous consent that this be made part of the record?

Mr. ROGERS. Is there objection?

The Chair hears none. The request is granted.

(The map referred to follows:)



51710—60——17

Mr. ULLMAN. Mr. Naughton, this shows your transmission lines. Do you have an actual geographical designation for your service area? Do you have specific boundaries to the area in which you operate?

Mr. NAUGHTON. Naturally we do; of course. I do not have data with me that would answer that. In other words, what parts of counties are the delineations. I will be glad to supply that for the record, however. I do not have one with me.

Mr. ULLMAN. I would ask unanimous consent that when that is supplied, that also be made part of the record.

Mr. ROGERS. What was your request?

Mr. ULLMAN. Another map specifically designating the service areas in Idaho of the Utah Power Co.

Mr. ROGERS. Do you have that map?

Mr. NAUGHTON. I do not have it with me, but I will be glad to supply it.

Mr. ROGERS. Is there objection to the request?

The Chair hears none. It is so ordered.

(The geographical map faces this page.)

Mr. ULLMAN. Mr. Naughton, how are those service areas determined? Is this by arrangement with the Idaho Power Co. or other power companies, or is this by franchise from the State? How do you determine your operating area?

Mr. NAUGHTON. The first thing that we have to do is to get a certificate of convenience and necessity from the Utilities Commission of the State of Idaho.

Having obtained that, we then go to get a franchise from the county, or that part of the county in which we intend to operate. If it is within a city limit, we get a franchise from the officials of that city. Those franchises have terms going from, let's say, 15 years on to 50 years.

Mr. ULLMAN. These are exclusive franchises?

Mr. NAUGHTON. Yes, sir; they are.

Mr. ULLMAN. In your operating areas, there is no other electricity sold, with the exception of the REA's that are in question here; is that right?

Mr. NAUGHTON. Yes, sir; that is correct.

If I might supplement my answer, way back in the mid-1920's, we began to see that we could aid in the development of the economy of our area by serving rural areas. So long before there were laws that permitted loans to build REA facilities we had served those areas.

So we have in the State of Utah a relatively small number of REA's. In Idaho we worked with them right from the very beginning.

Mr. ULLMAN. The fact, however, that there are REA's in the area, indicates that there were rural areas that were not covered or serviced with electricity?

Mr. NAUGHTON. That is right.

Mr. ULLMAN. Of course, that is the reason that we originally in Congress established as a national policy the assistance to the REA's for the development of electrical service to rural areas.

I think in Congress today you will find it is still a very well thought of policy and has widespread support among the Members of Congress.

Are there any Federal regulations covering your operation? Do you require a Federal license, in other words?

51710 O - 60 (Face p. 254)

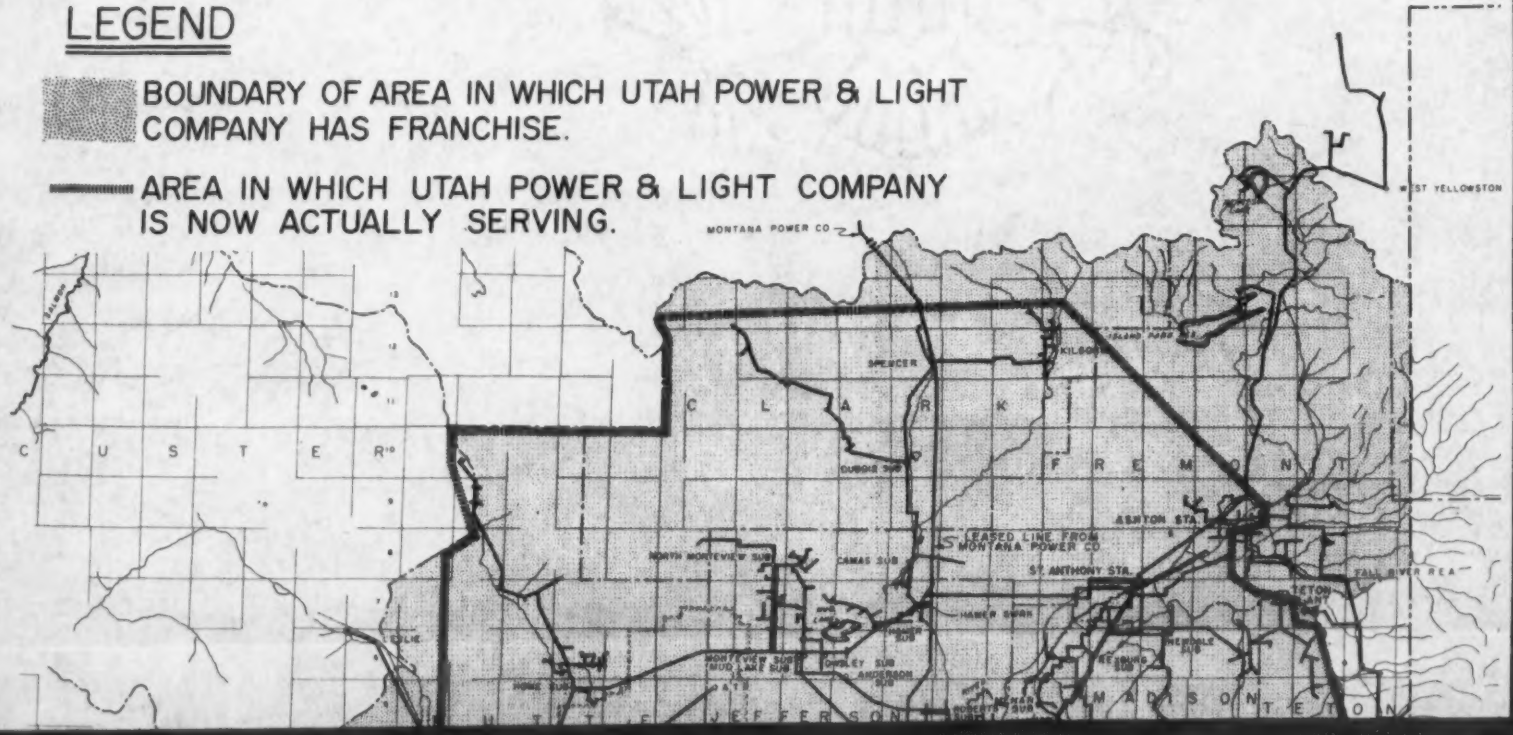
UTAH POWER & LIGHT COMPANY

SERVICE AREA IN STATE OF IDAHO

LEGEND

BOUNDARY OF AREA IN WHICH UTAH POWER & LIGHT COMPANY HAS FRANCHISE.

AREA IN WHICH UTAH POWER & LIGHT COMPANY IS NOW ACTUALLY SERVING.



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ST. ANTHONY STA.
TETON PLANT
FALL RIVER REA
LOST RIVER REA
LOST RIVER SUB
ARCO SUB
NORTH MONTEVIEW SUB
CAMAS SUB
HAMER SUB
SHELLEY SUB
ANDERSON SUB
MERRILL SUB
IDAHO FALLS
IDAHO FALLS CITY
ATOMIC ENERGY COMM
SCOVILLE REA'S
U.S.E.R.D.A.
BOWEN SUB
AEC-USER
PALISADES PLANT
SALT RIVER PLANT
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BLACKFOOT
IDAHO POWER CO
PINGREE
FORT HALL
AMERICAN FALLS
POCATELLO
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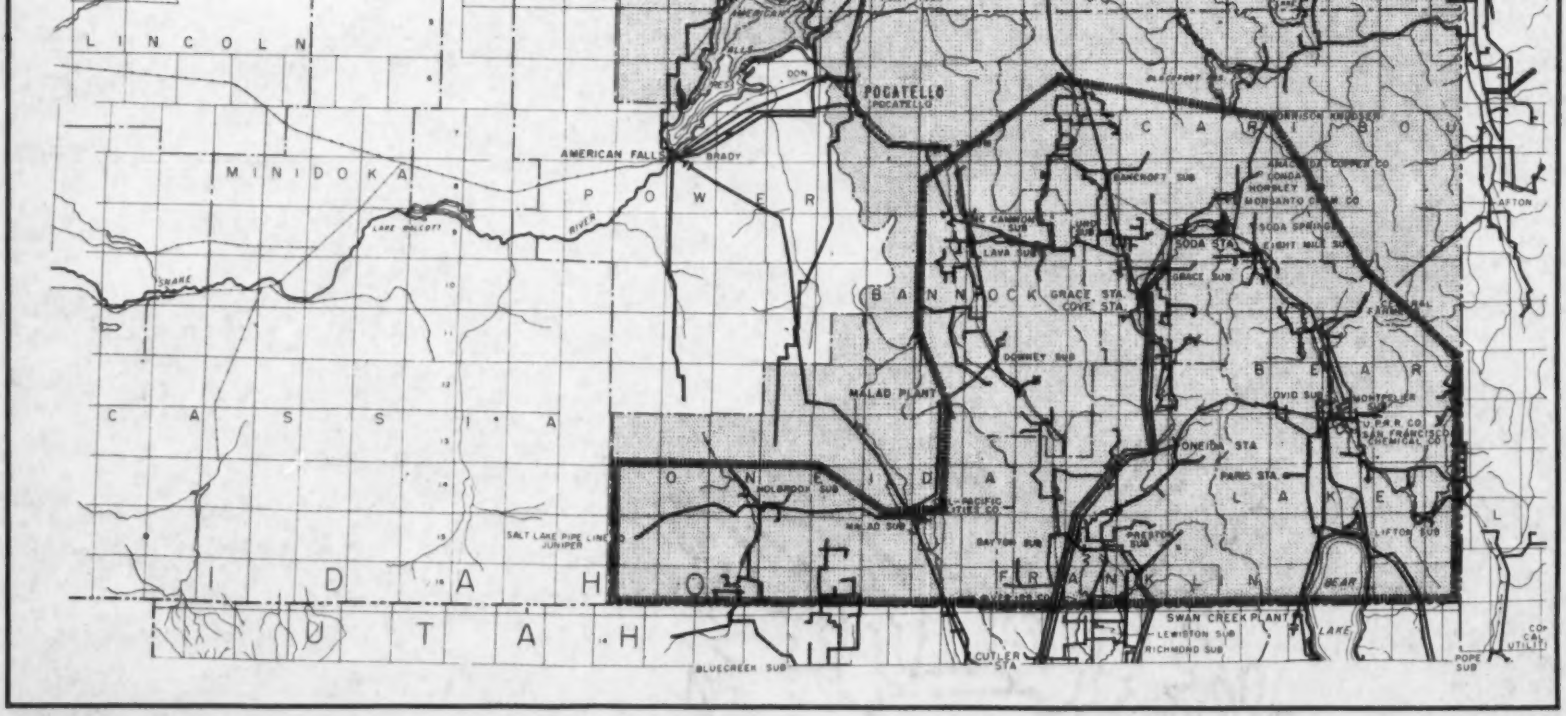
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BRADY
LAKE WALCOTT
SNAKE
RIVER
GRACE STA.
COVE STA.
SODA STA.
DOWNEY SUB
MALAD PLANT
HOLBROOK SUB
MALAD SUB
SALT LAKE PIPE LINE
JUNIPER
BLUECREEK SUB
CUTLER STA.
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LEWISTON SUB
RICHMOND SUB
POPE SUB
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Mr. NAUGHTON. Yes, sir. We have a number of hydroplants—I do not have the specific list, but, again, I will be perfectly happy to furnish it for the record—of hydroplants for which we have what we call Federal licenses. We are under the jurisdiction of the Federal Power Commission. We are in interstate commerce.

We are under their jurisdiction for our resale rates and matters of that nature, as well as the licensing of the so-called plants.

Mr. ULLMAN. But your only regulation comes in connection with the hydroplants?

Mr. NAUGHTON. No. Any time that you sell power for resale, to wit, an REA or another utility, or a city, you are subject to the jurisdiction of the Federal Power Commission, because that is a sale for a resale.

Mr. ULLMAN. You have no hydroplants, yourself, in your company system?

Mr. NAUGHTON. Yes.

Mr. ULLMAN. You do have?

Mr. NAUGHTON. Yes. About 25 percent of the capacity of our system is hydro.

If I might elaborate a bit on that answer, I believe our company was one of the first companies in the United States to develop what is in today's terminology a multipurpose project.

We built our Bear River system in southeastern Idaho beginning in 1906 and it was completed in about 1927. We operate that plant entirely in consonance with the requirements of the irrigator. There is a multipurpose project, built just after the turn of the century, with entirely investor-owned funds operated entirely in consonance with the requirements of the irrigators. We get along with them and have for a great many years.

Mr. ULLMAN. That is certainly commendable.

You are, as I can see from your reputation, a very competent and capable administrator of the private utility system. Isn't it true that you are here primarily in that capacity and for the reason that this bill before us would place in your service area electricity in competition with yours?

Mr. NAUGHTON. I think the attitude of our company has been made quite clear by the reading into the record by Congressman Saylor a moment ago the testimony of Mr. George R. Corey, given before this committee in 1949. Incidentally, I was present with Mr. Corey when he put in that testimony.

As a utility company president, and as an individual taxpayer, I feel that it is my duty, and my board fully approves of what I do, to bring to the knowledge of this committee and to our customers, and to our employees, projects of this type which are purely power projects.

For the company and as an individual, I do not believe it comes within the purview of the Federal Government's responsibility to supply electric power.

Mr. ULLMAN. I understand that from listening to your testimony and knowing of your position. But the fact remains that you do have a financial stake in the outcome of this legislation, as far as your company is concerned, as far as your profits are concerned.

Mr. NAUGHTON. Mr. Ullman, I don't believe that is quite a correct statement, except insofar as a project like this would certainly retard

the date when corporate taxes and individual income taxes can be reduced.

If this project be built, it would preclude our serving business that we likely would otherwise be privileged to serve. But only to that extent, and to the indirect extent of adding to the burden of the Federal Government's money requirements would we be affected.

Mr. ULLMAN. However, you are appearing here not as a private citizen. You are appearing here as the president of the private utility that will be most affected by the construction of a power and multipurpose plant at the Burns Creek site; isn't that right?

Mr. NAUGHTON. I guess that is a fair statement.

Mr. ULLMAN. I certainly don't think that you would deny that your company does have a very considerable financial interest in the outcome of the Burns Creek proposal.

Mr. NAUGHTON. I would not agree at all with the "very considerable," Mr. Ullman.

In the first place, we don't make a profit, as is commonly known. We only make a return on the investments that we have dedicated to the service that we render.

No utility company can enjoy increased business unless the people it serves are increased due to the utilization of the natural and the industrial resources of the area. We believe that it is in the interest of America to put the natural resources that the good Lord put in that area to beneficial use.

You will find us back here, as I am sure you have many times, that whenever a project is brought up that will bring water to that land which some day we will need, we are back here for it. As a matter of fact, the Central Utah project which the Bureau of Reclamation region 4 is now working on and which is a part of the Colorado River storage project, was first conceived back about 1933 by Mr. J. A. Hale, one of our vice presidents who retired just a year and a half ago. So no one can accuse us of not working for the economic well-being of the general area.

Mr. ULLMAN. I certainly would not disagree with you.

I think this is a pretty consistent record of the private utilities in general. They have been in favor of reclamation projects that would increase the power consumption in that area as long as there were not features of the project that would provide competition in the field of private power. This is rather persistent in the West, and it is a matter of record.

I think your position has been quite similar, that in the case of multipurpose projects that involved considerable power output, your position has generally been in opposition to those projects.

Mr. NAUGHTON. Mr. Ullman, I would like to correct that. I can't let that answer stand as you phrased it.

On multipurpose projects where the generation of electric power is a proper and feasible adjunct to the success of that project, we have always favored it. I might go on, but where a project to be built by the Federal Government is solely a power project without any water-producing features, you would find us back here, I believe, opposing it.

Mr. ULLMAN. Your position is basically this: You are challenging the engineering findings of the Bureau of Reclamation in this instance?

Mr. NAUGHTON. I think we are challenging the economic features of the proposed engineering and construction recommended in this project.

Mr. ULLMAN. I would like to know just what you are challenging and what you are saying is wrong about the Bureau of Reclamation studies that have been made on Burns Creek.

We have had a lot of talk here about the various aspects of the projects, and wherein the Bureau is wrong.

In the first place, would you deny that this power will be sold, if Burns Creek is built?

Mr. NAUGHTON. I think anything can be sold, Mr. Ullman. It depends on the price at which it is offered.

Mr. ULLMAN. Of course, I think in this whole power argument you have hit the nail pretty well on the head on what the issue is all about. There is never any shortage of electricity when it is high-cost electricity. But the lower the cost, of course, the more the demand and the more scarce becomes the commodity.

If, for instance, you could produce electricity in your area at a price that would allow private entrepreneurs to go in and develop the great phosphate fields of southeastern Idaho, then you would have a virtually unlimited demand for electricity.

Mr. NAUGHTON. Mr. Ullman, I would like to make a comment on that.

Ten years ago just now the Monsanto Chemical Co. of St. Louis, with whom we had had discussions for several years, came to us for a proposition on one and two of the largest furnaces ever, up to that time, having been built in this country; to wit, 33,000 kilowatts each. Within a period of 30 days we worked out an arrangement with Monsanto Chemical Co. to supply electric power to those three furnaces at a price of around 5 mills per kilowatt-hour.

That contract has definitely inured to the benefit of Idaho's economy, to that area's economy and to the customers of Utah Power & Light Co. generally, because we were able to do a rather unusual thing.

By providing what is termed in our industry as interruptible power to this customer, we were able to put our reserve capacity to beneficial use. The contract has now been in operation almost 8 years. We supply that power for 5 mills a kilowatt-hour. Monsanto has had excellent business success with the venture. The Idaho phosphate beds are now being used.

Now, just last summer we began to serve a cooperative with still a larger furnace; to wit, 35,000 kilowatts. I believe that is the largest furnace in the world today. That is a cooperative, the Central Farmers Fertilizer Co. That rate is served from a little more expensive part or older equipment in our reserve capacity, and the rate is about 5¼ mills per kilowatt-hour.

There you have a cooperative and there you have Monsanto Chemical, one of the largest chemical companies in America, both utilizing quite successfully the phosphate reserves of southeastern Idaho. As a matter of fact, we now have a proposition out to Central Farmers, and we have a date with the president of that company next Thursday, and I wouldn't be at all surprised if that does not eventuate into still another furnace in the Central Farmers operation.

Mr. ULLMAN. In the case of Monsanto, is that commercial phosphate?

Mr. NAUGHTON. Elemental phosphorus.

Mr. ULLMAN. It is chemical phosphate?

Mr. NAUGHTON. It is for detergents and chemicals in general.

In the case of the Central Farmers Fertilizer Co., they go to an elemental phosphorous and then on to a concentrate which is used as a fertilizer in the Middle West.

Mr. ULLMAN. There is a tremendous demand, of course, for phosphates.

Mr. NAUGHTON. Not at the moment.

Of course, it varies as all other commodities. The phosphate business in 1957 retarded somewhat. It was a good year in 1958. There have not been too many phosphate furnaces added in the last 3 or 4 years.

Mr. ULLMAN. But if sufficient quantities of phosphate fertilizer were available at the right place, I think the farmers of America would certainly build a tremendous demand for it, would you not say?

Mr. NAUGHTON. Well, of course, that varies.

You have a soil condition. It depends on a lot of factors which we haven't time to go into here. But I doubt very much, Mr. Ullman, that for land beneficiation much more phosphorous would be used than is being used at the present time. I don't think price is retarding the utilizations.

Mr. ULLMAN. I am glad to get your opinion on that.

Just briefly, do you have a power rate schedule for your Idaho area?

Mr. NAUGHTON. Yes, sir.

Mr. ULLMAN. Would you make that available?

Mr. NAUGHTON. We will be glad to file our rate schedules. I haven't them with me at the moment.

Mr. ULLMAN. This will be a schedule indicating the different classes of power and the different rates, including industrial pumping?

Mr. NAUGHTON. Yes. I will be glad to file it for the committee.

Mr. ULLMAN. I ask unanimous consent that that be included in the record at this point, Mr. Chairman.

Mr. ROGERS. Is there objection?

The Chair hears none.

It is so ordered.

(Information referred to follows:)

[NOTE.—Following are Utah Power & Light Co. rate schedules for residential service, general service, industrial service—medium voltage, industrial service—high voltage, irrigation, and energy for resale—medium and high voltage. The Utah Power & Light Co. has submitted additional rate schedules which may be found in the committee's files. These include residential service, including water heating; commercial light service; commercial water heating and street lighting—customer owned.]

First Revised Sheet No. 1
Cancels Original Sheet No. 1

Utah Power & Light Company

P.U.C.I. No. 5

SCHEDULE NO. 1—STATE OF IDAHO

RESIDENTIAL SERVICE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current service supplied at approximately 120 or 240 volts through one kilowatt-hour meter at a single point of delivery for all electric service required on the premises for residential purposes.

When conditions are such that service is supplied through one meter to more than one dwelling or apartment unit, the charge for such service will be computed by multiplying the number of kwh in each block and the minimum charges by the maximum number of dwelling or apartment units that may be served.

Where a portion of a dwelling is used regularly for business, professional or other gainful purposes, the premises will be classified as nonresidential and the appropriate schedule applied. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this Schedule will be applied to such service.

Monthly Bill:

Rate:

3.8c per kwh first 60 kwh
2.7c per kwh next 140 kwh
1.6c per kwh all additional kwh

Minimum:

$1.00 for single phase service
3.00 for three phase service

Seasonal Service: When seasonal service is rendered under this Schedule, the minimum seasonal charge will be $8.00.

Contract Period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued August 7, 1958; effective September 7, 1958.

Utah Power & Light Company

Orginal Sheet No. 6
P.U.C.I. No. 5

SCHEDULE NO. 6—STATE OF IDAHO

GENERAL SERVICE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current, single or three phase service supplied at Company's available voltage through one kilowatt-hour meter at a single point of delivery for all electric service required on the premises. Resale service will be available only under other appropriate schedules.

Monthly Bill:

Rate:

3.800c per kwh first 500 kwh*
2.700c per kwh next 500 kwh
1.600c per kwh next 5,000 kwh
0.975c per kwh next 10,000 kwh
0.650c per kwh all additional kwh

Power Factor:

This rate is based on the Customer maintaining at time of maximum use a power factor of of 85% lagging, or higher, as determined by measurment. If the power factor is found to be less than 85% the monthly kilowatt-hour consumption as recorded by the Company's meter will be increased by ¾ of 1% for every 1% the power factor is less than 85%.

All installations of neon, fluorescent, mercury vapor lamps or tubes, or other types of gaseous lamps or other devices having low power factor characteristics, installed or generally rearranged after the effective date of this Schedule will be supplied hereunder only if the overall power factor (including the auxiliaries) of such units or group of units is 85% lagging or higher.

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*Add 70 kwh for each kw of Demand in excess of 5 kw

Voltage Discount:
Where Customer takes service from Company's available lines of 2300 volts or higher and provides and maintains all transformers and other necessary equipment, the voltage discount based on measured demand will be:
20c per kw for first 100 kw of Demand and
10c per kw for all additional kw of Demand
Minimum—Net:
$1.00 plus $1.00 for each kw of Demand over 5 kw, but not less than $3.00 for three phase service

Demand: The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, determined to the nearest kw.

Seasonal Service: Seasonal service such as to beet dumps, pea viners, canning and packing plants will be supplied under this Schedule. The net minimum seasonal payment based on the highest kw Demand (not less than 1 kw) established during the season will be:
$10.00 per kw for one month's service or less
13.50 per kw for more than one month's but not more than three months' service

Contract Period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued September 24, 1952; effective September 29, 1952.

Utah Power & Light Company

Original Sheet No. 8
P.U.C.I. No. 5

SCHEDULE NO. 8—STATE OF IDAHO

GENERAL INDUSTRIAL SERVICE—MEDIUM VOLTAGE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current, three phase service supplied at 2300 to 15,000 volts through a single point of delivery for all service required on the Customer's premises for manufacturing or other industrial purposes by industrial customers contracting for not less than 35 kw. Seasonal service will be available only under other appropriate schedules.

Monthly Bill:
Rate:
$2.15 per kw first 100 kw of Demand
2.05 per kw next 400 kw of Demand
1.90 per kw all additional kw of Demand
0.97c per kwh first 20,000 kwh
0.65c per kwh all additional kwh
Power Factor:
This rate is based on the Customer maintaining at the time of maximum use a power factor of 85% lagging, or higher, as determined by measurement. If the power factor is found to be less than 85% lagging, the Demand as recorded by the Company's meter will be increased by ¾ of 1% for every 1% that the power factor is less than 85%.
Term Discount:
5% for a contract of 10 years longer.
Minimum:
The monthly Demand charge, but not less than $75.25.

Demand: The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, adjusted for power factor as specified, determined to the nearest kw, but not less than 35 kw.

Contract Period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued September 24, 1952; effective September 29, 1952.

Utah Power & Light Company

Original Sheet No. 9
P.U.C.I. No. 5

SHEDULE NO. 9—STATE OF IDAHO

GENERAL INDUSTRIAL SERVICE—HIGH VOLTAGE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current, three phase service supplied at approximately 44,000 volts or higher through a single point of delivery for all services required on the Customer's premises for manufacturing or other industrial purposes by industrial customers contracting for not less than 80 kw. Seasonal service will be available only under other appropriate schedules.

Monthly bill:

Rate:

$2.00 per kw first 100 kw of Demand
1.90 per kw next 200 kw of Demand
1.65 per kw all additional kw of Demand
0.65c per kwh first 1,000,000 kwh
0.54c per kwh all additional kwh

Power Factor:

This rate is based on the Customer maintaining at the time of maximum use a power factor of 85% lagging, or higher, as determined by measurement. If the power factor is found to be less than 85% lagging, the Demand as recorded by the Company's meter will be increased by ¾ of 1% for every 1% that the power factor is less than 85%.

Term Discount:

5% for a contract of 10 years or longer.

Minimum:

The monthly Demand charge, but not less than $160.00.

Demand: The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, adjusted for power factor as specified, determined to the nearest kw, but not less than 80 kw.

Contract period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued September 24, 1952; effective September 29, 1952.

Utah Power & Light Company

First Revised Sheet No. 10
Cancels Original Sheet No. 10
P.U.C.I. No. 5

SCHEDULE NO. 10—STATE OF IDAHO

IRRIGATION AND SOIL DRAINAGE PUMPING POWER SERVICE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current, single or three phase service supplied through a single point of delivery for service to motors on pumps and machinery used for irrigation and soil drainage.

Monthly bill:
Rate:
$1.65 per kw first 100 kw of Demand
1.10 per kw all additional kw of Demand
1.65c per kwh first 100 kwh per kw of Demand
0.97c per kwh next 5,000 kwh
0.65c per kwh next 20,000 kwh
0.43c per kwh all additional kwh
Power Factor:
This rate is based on the Customer maintaining at time of maximum use a power factor of 85% lagging, or higher, as determined by measurement. If the power factor is found to be less by 85% lagging, the Demand as recorded by the Company's meter will be increased by ¾ of 1% for every 1% that the power factor is less than 85%.
Term Discount:
5% for a contract of 10 or more successive seasons.
Voltage Discount:
Where Customer takes delivery of service at 44,000 volts or higher, the voltage discount will be:
20c per kw for first 100 kw of Demand and
10c per kw for all additional kw of Demand
Minimum—Net:
The monthly Demand charge, but not less than $1.65.
Prorating of Bills:
Bills for service under this Schedule will be prorated for only the beginning and final services months of each irrigation season.

Demand: The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, adjusted for power factor as specified, determined to the nearest kw, but not less than 1 kw.

Contract period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued February 28, 1953; effective April 1, 1953.

Utah Power & Light Company

Original Sheet No. 15
P.U.C.I. No. 5

SCHEDULE No. 15—STATE OF IDAHO

RESALE POWER—MEDIUM VOLTAGE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating courrent, signal or three phase service supplied at 2300 to 15,000 volts, to municipalities, governmental agencies, or public service companies; said service being sold to Customer at wholesale for resale to inhabitants of cities, towns or villages. Service hereunder is limited to single installations of not less than 35 kw at a single point of delivery and may be taken for auxiliary use.

Monthly Bill:
Rate:
$2.15 per kw first 100 kw of Demand
2.05 per kw next 400 kw of Demand
1.90 per kw all additional kw of Demand
0.97c per kwh first 20,000 kwh
0.65c per kwh all additional kwh
Power Factor:
This rate is based on the Customer maintaining at time of maximum use a power factor of 85% lagging, or higher, as determined by measurement. If the power factor is found to be less than 85% lagging, the Demand as recorded by the Company's meter will be increased by ¾ of 1% for every 1% that the power factor is less than 85%.

Term Discount:

5% for a contract of 10 years or longer.

Minimum:

The monthly Demand charge, but not less than $75.25.

Demand. The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, adjusted for power factor as specified, determined to the nearest kw, but not less than 35 kw.

Contract Period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued September 24, 1952; effective September 29, 1952.

Utah Power & Light Company

Original Sheet No. 16
P.U.C.I. No. 5

SCHEDULE No. 16—STATE OF IDAHO

RESALE POWER—HIGH VOLTAGE

Availability: In all territory served by the Company where there are facilities of adequate capacity.

Application: This Schedule is for alternating current, three phase service supplied at approximately 44,000 volts or higher to municipalities, governmental agencies, REA cooperatives, or public service companies; said service being sold to Customers at wholesale for resale to inhabitants of cities, towns, villages and rural areas. Service hereunder is limited to installations of not less than 80 kw at a single point of delivery. REA cooperatives which are supplied at a major delivery point at 44 kv may for convenience, for interim periods, take delivery of service at other locations to supply their own distribution system at lower voltages and be billed on a consolidated basis under this Schedule for all such service by adding the monthly kilowatt demands and the monthly kilowatt-hours of energy registered at each of such delivery points. Service under this Schedule may be taken for auxiliary use.

Monthly Bill:

Rate:

$2.00 per kw first 100 kw of Demand
1.90 per kw next 200 kw of Demand
1.65 per kw all additional kw of Demand
0.65c per kwh first 1,000 kwh
0.54c per kwh all additional kwh

Power Factor:

This rate is based on the Customer maintaining at time of maximum use a power factor of 85% lagging, or higher, as determined by measurement. If the power factor is found to be less than 85% lagging, the Demand as recorded by the Company's meter will be increased by ¾ of 1% for every 1% that the power factor is less than 85%.

Term Discount:

5% for a contract of 5 years or longer.

Minimum:

The monthly Demand charge, but not less than $160.00.

Demand: The kw as shown by or computed from the readings of Company's Demand meter, for the 15 minute period of Customer's greatest use during the month, adjusted for power factor as specified, determined to the nearest kw but not less than 80 kw.

Contract Period: One year or longer.

Electric Service Regulations: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Public Utilities Commission of the State of Idaho, including future applicable amendments, will be considered as forming a part of and incorporated in said agreement.

Issued September 24, 1952; effective September 29, 1952.

Mr. ULLMAN. Obviously, this whole project is meaningless unless it is integrated; is that not true?

Mr. NAUGHTON. I think this is a very unsuccessful project if integrated. Alone it couldn't possibly be considered.

Mr. ULLMAN. What you are saying is that you are agreeing with me that by its very nature it is an integrated project?

Mr. NAUGHTON. Insofar as the hydraulic features are concerned, yes.

Mr. ULLMAN. It has no meaning otherwise, unless it is completely integrated both hydraulically and electrically?

Mr. NAUGHTON. That is right.

Mr. ULLMAN. So I think the only valid use of figures here would be those considering the integrated operation of the two units.

I have just one final question.

On chart A that you have presented us with, the payout of reimbursable costs on Palisades and Burns Creek project, you have laid those figures out to 20 and 15. What would be the effect if you extended them another 40 years?

Mr. NAUGHTON. I will ask Mr. Hunter to answer.

Mr. ULLMAN. What kind of a chart would you have if you built a comparable extension beyond 20–15 of your upper chart, chart B, and indicated the surplus?

Is it not true that that surplus would build at a rate more than twice that of the rate that we have in chart A with Palisades alone?

Mr. HUNTER. I think that is true.

The surplus would be about $2 million a year, and eventually enough surplus would accumulate that would have overcome the $150 million subsidy by the taxpayers of the Nation. But that would be quite a ways in the future.

Mr. ULLMAN. In other words, if we are looking ahead, and I don't think any of these plants are built for less than 100 years, and it seems to me that they should be built for a lot longer than that—if we are looking ahead at a 100 or 200 year payout, and in a great nation like this we certainly must do so, these charts that you have presented actually do not show the real picture of repayment to the Federal Government.

Mr. NAUGHTON. Mr. Ullman, I would like to answer that, if I might.

You say there is no question but what they will last well beyond 100 years. I think we introduce here the elements of silting effect. I am not at all sure that we could reply upon a statement of that nature because I don't think we know enough about silting effects at the present time.

I believe Bureau witnesses would be more competent than I to get into this area of discussion because they have done some research work on it. But I think we would be on very dangerous ground, based on our present limited knowledge of silting, to assume that a project like this would last well beyond 100 years, because of the element of silting.

Mr. SAYLOR. Will the gentleman yield?

Mr. ULLMAN. Yes.

Mr. SAYLOR. The chairman and I have been doing some fancy figuring up here, looking at what the picture would be like if the interest costs were 4½ percent.

I would like to see it at the end of 40 years. According to the chairman's figuring, and I have never known a Texan to figure wrong, it would take 750 years for this to pay out. I would like to see that chart 40 years on.

Mr. ULLMAN. I would like to comment on that.

The gentleman is obviously a great follower of politics and the theory of tight money and high interest rates. I want to say that I am not.

I think it would be one of the greatest tragedies the United States ever suffered if our interest rate structure were allowed to go to 4½ percent. I do not think anybody could afford to be in business in this country if we allowed money to achieve that kind of a rate over a 40- or a 50-year basis.

I have enough faith in this country to think that we will go back down to a reasonable interest rate structure so that the little fellow, the farmer, the small businessman, the ordinary homebuyer, can operate, can afford to stay in business. If it does not happen, they are going to be out of business and we are going to have nothing but a few supercorporations, and the middleman is going to disappear from this country.

Mr. SAYLOR. I might say to my friend, since he has begun to tell me what my political philosophy is, that he, first, does not know what it is, and I will determine what that is, rather than have him determine what it is, and the second thing is, he had better take a look at history and find out what is going on. The little man has never had to worry about getting a little money or ever having to pay interest.

Maybe he had better take a look at his own State and try to figure out what the little man has to pay out in some of these Western States, where they are paying 8-, 9-, and 10-percent interest for his money. Come back East where we loan money and the maximum that anybody has to pay is 6 percent.

Mr. ULLMAN. The West has always suffered under the heel of the big eastern money lenders. This is one of the problems of Western development.

Briefly, this is one of the reasons we have been fighting for Federal development on our rivers.

Mr. SAYLOR. Right. You are coming back East and asking us, the taxpayers back here, to come out and help you out. We have no objection to loaning money, but we would like to at least get back our interest rate on it.

Mr. ROGERS. Gentlemen, if we get the rate issue and the political philosophy mixed up, we will not get through until midnight.

Mr. ULLMAN. May I have 1 minute?

Mr. ROGERS. Yes.

Mr. ULLMAN. I might say, you do not have to look far back or even very closely at history to find out that an interest rate of 4 percent is completely out of line. We have had these interest rates at a reasonable level for 30 years.

The REA 2 percent rate until a few recent years has been producing revenue for the treasury rather than costing the taxpayers money, and I hope we can get back to that point soon.

Thank you.

Mr. ROGERS. Does that conclude your questioning?

Mr. ULLMAN. Yes.

Mr. ROGERS. Let the Chair make this observation: We do want to afford everyone an opportunity to be heard. The members of the committee have been patient, and I appreciate it.

In the morning, the full committee will meet for a short time, and as soon as that committee concludes we will resume the hearings on this measure.

We have quite a number of witnesses, both opposition witness and proponent witnesses to be heard, and we have several people interested in fish and wildlife matters concerned in this legislation, or concerned with it.

What the Chair intends to do is to start in as quickly as we can and try to divide the time equally between these three groups. In view of that, I think there will be probably 1 hour apiece or maybe a little more, and it would be appreciated if you would get your heads together in each of those groups and try to coordinate your efforts so that we can get through with this part of the hearing tomorrow.

Mr. SAYLOR. I cannot tell you how to run this committee, that is within his prerogative, but I would suggest that these people have come from long distances to testify and to have spent all of the time that was spent with some few witnesses and say to others who are equally competent that they must confine their statements to a very short time, I think is a little unfair. It is changing the rules in the middle of the game.

Mr. ROGERS. I hate to have to make that statement, but in view of the fact that these people have come from a long way, we like to let them be heard sometime during the time set for these hearings.

As far as I am personally concerned, I would just as soon stay here a week or 2 weeks to hear all of these people. But I do not think it would be fair to them to hold them over. I think they can work their situation out to where they can get their testimony briefed, to where their statements can be filed and the summations of their statements will be brief enough so everyone can be heard.

It is in that spirit that the observation is made.

Mr. SAYLOR. Mr. Chairman, I would like to ask unanimous consent to discuss with Mr. Hunter the figures which have been submitted by our staff member with regard to the difference between 3- and 4½-percent interest rates, and after that to ask Mr. Hunter whether or not he desires to change some of the figures which he submitted here when he took out his slide rule.

Mr. ROGERS. Did the gentleman want to do that now?

Mr. SAYLOR. No; not now.

Mr. ROGERS. You mean to put it in later?

Mr. SAYLOR. Yes.

Mr. ROGERS. Without objection, it is so ordered.

Mrs. PFOST. Mr. Chairman, I have one quick question.

I would like to ask these gentlemen if they consider Palisades a lemon?

Mr. NAUGHTON. I would like to answer that, Mrs. Pfost.

I think our answer to that is quite clear. I, personally, and for my company, consider Palisades a sound reclamation project. We thought that 10 years ago; we think that today.

Mrs. PFOST. Thank you very much.

Mr. ROGERS. The subcommittee stands adjourned until 10:30 in the morning.

(Whereupon, at 4:45 p.m., the subcommittee recessed, to reconvene at 10:30 a.m., Wednesday, February 17, 1960.)

BURNS CREEK PROJECT, IDAHO

WEDNESDAY, FEBRUARY 17, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IRRIGATION AND RECLAMATION OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 10:20 a.m., pursuant to adjournment, in the committee room, New House Office Building, Hon. Walter Rogers (chairman of the subcommittee) presiding.

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for further consideration of pending business.

The Chair, at the time of adjournment yesterday afternoon, made the observation that every effort would be made to hear all parties desirous of being heard, and requested that the different groups, the opponents and proponents and those interested in the fish and wildlife aspect of the measure, try to get together and work out their own situation insofar as their appearance is concerned in the hearings.

Let me make this request: Has there been any such discussion held between the groups and do you have any particular manner in which you want to testify?

Mr. KACKLEY. On the fish and wildlife group testimony, we will double up except for the first witness, our attorney.

Mr. ROGERS. What is your name?

Mr. KACKLEY. Dr. Kackley.

Mr. ROGERS. Who did you want to appear first?

Mr. KACKLEY. Mr. O. R. Baum.

Mr. BUSBY. Mr. Chairman, my name is Busby, and I am one of the witnesses for the opponents. Arrangements have been made among this group of witnesses, by Mr. Naughton, with the thought that I would appear first among that group of witnesses.

Mr. ROGERS. You are listed first on my witness sheet, Mr. Busby, and you will be recognized first this morning.

What about the proponents, do you have any announcement?

Mr. PASKET. I am Edwin H. Pasket. We have discussed this and we decided, if it would be possible and the wishes of the Chair were such, we would like to appear, six of us together. We have short statements. We thought we could present them and conserve time that way and be questioned immediately afterward.

Mr. ROGERS. That is excellent.

Mr. O'CONNOR. For the opponents, Mr. Sorenson, Mayor Welsh, and myself, G. W. O'Connor, will appear together and file——

Mr. ROGERS. Mr. Sorenson, Mr. O'Connor, and who else?

Mr. O'CONNOR. Mayor Welsh of Price, Mr. Sorenson, and W. J. O'Connor will appear together and file two statements and recite one.

Mr. ROGERS. You are——

Mr. O'CONNOR. Mr. O'Connor.

Mr. ROGERS. Thank you very much.

We will hear the opponents until 11:30 and then try to hear the fish and wildlife group and return to the proponents this afternoon. So, Mr. Busby, you are recognized to present your statement.

There is one request I would like to make of committee members, if we can, to hasten the questioning along as much as possible, so we can get the ground covered. A lot of these people have come from a long distance and we certainly do not want them to run home without having had an opportunity to testify.

You may proceed.

STATEMENT OF JACK K. BUSBY, PENNSYLVANIA POWER & LIGHT CO.

Mr. BUSBY. I am Jack K. Busby, president of Pennsylvania Power & Light Co., Allentown, Pa. Our company has the privilege of providing electric service for more than 700,000 customers in central-eastern Pennsylvania. The company is owned by some 96,000 shareowners. These customers and shareowners and 6,000 employees are directly affected by the Federal Government philosophy and legislation in the electric utility field. They are also affected by Federal tax and spending policies which are reflected in the Federal income taxes paid first by the company but ultimately paid by these many customers in their bills for electric service. These taxpayers may be considered, in part, as exporters of tax moneys to be spent on projects in other regions.

Natural resource development must be a matter of major concern for every thoughtful citizen. It is with this attitude that I approach the bill to authorize the Burns Creek project. I want to thank the committee for granting me this time to testify. My remarks will be brief and confined to a statement of principles, leaving for others closer to the scene to comment on the details of this proposed project.

As a starting point, it may be said that, from the standpoint of the Federal Government, public works development is a matter of how best to spread limited resources of capital and manpower among many proposed projects. The practical limitations on the quantity of available capital and manpower are the Federal Government's tax revenues and the priorities within the Federal budget imposed by the requirements of national defense, and other inescapable expenditures.

The initial requirement is to put first things first. This can only be accomplished by ranking in proper order of priority, based on merit, the projects competing for the available tax revenues.

The ranking process requires criteria so as to determine the order of value of individual projects. Three main criteria are available: Benefit-cost comparisons, financial feasibility studies, and rates of return. The first criterion applies to practically all projects while the second and third to only those projects which are wholly or partially revenue producing.

Benefit-cost comparisons, to be useful as a guide to priorities, must be calculated on a comparable basis. Much progress has been made through the work of Federal agencies, departments, and congressional

committees. Much, however, remains to be accomplished. Recognizing the constraint of limited budgetary funds, all projects having a benefit-cost ratio of 1 to 1 or better should not necessarily be approved. The cutoff point may well be 1.6 to 1 or higher. The important point is that at any given time only those with the highest ratios should receive consideration.

The second criterion, the test of financial feasibility is well established as a criterion for Bureau of Reclamation projects. In revenue-producing projects the development should pay out over the expected life of the projects. Prices should be set at a level sufficient to pay all costs, although it is recognized that such prices need not be at the level of economic benefits unless of course the benefit-cost ratio is quite low.

The third criterion is rate of return. The returns on revenue projects built by Government should be generally equal to the returns received from new investment in the private sector of the economy. Otherwise, we use the compulsion of taxes to depart from the free market approach in which people have the opportunity to spend their income on a basis which accords with their own value judgments.

The Burns Creek project is nominally a multipurpose project although some 98 percent of the costs are allocated to power facilities. Being a revenue-producing project, proper evaluation of Burns Creek should take into consideration all three criteria.

For the power portion of the project it is proper to determine the benefit portion of the benefit-cost ratio on the alternative cost of supplying power; i.e., a steam electric station. The alternative cost of steam electric power supply, however, must be calculated on a basis comparable with the hydrodevelopment. Having in mind that the purpose is to determine the most economic method of using resources, the cost data of both the alternative steam station and the proposed Government project must be computed using the same prices. As Prof. Otto Eckstein, of Harvard, technical director of the Joint Economic Committee and the author of recent studies on water resources development, puts it:

> The use of different prices would mean that the resources which are used up in the alternatives would not be valued with the same yardstick, and that the final cost estimates used to determine their relative merits would not be comparable from the Nation's point of view.
>
> Among the prices that must be applied uniformly to all alternatives is the rate of interest, the price for the use of capital. Although private steamplants are financed at a higher interest rate than public hydroelectric projects, the difference in the interest rates is partly due to the fact that Government bonds do not reflect the riskiness of power projects. Uniformity of treatment must also extend to the taxes, which are included among costs. If the costs of the public project are estimated with a different set of taxes than the alternative steamplant, the cost of the alternative is overestimated, for the extra taxes do not represent real costs in terms of resources (Otto Eckstein, "Water Resource Development," Harvard University Press, 1958, pp. 242–243).

Let me interject, if I may, another way of looking at this is that there exists and have existed ever since the war widespread opportunities for investment yielding 6 and 8 percent and higher. So long as such opportunities are available our society does itself a disservice by investing at yields of merely 2½ or 3½ percent.

I suggest it is most desirable to ascertain whether or not the Bureau of Reclamation used the same interest rate, taxes, and depreciation

method for the alternative cost steamplant as they did for the Burns Creek project. If they did not, then the benefit-cost ratios submitted in the report are of questionable validity.

With respect to the criterion of financial feasibility, the Burns Creek project must be examined for the project alone. There is an interesting fact that the Bureau of Reclamation made a benefit-cost evaluation for the project standing alone and yet took the different route of combining Burns Creek with Palisades in discussing payout.

If Congress is to allocate resources wisely it must have feasibility data on the separate project and be in a position to compare its economic feasibility with that of other proposed projects. Otherwise, there is the possible error of making additions of low economic worth to existing sound projects with the consequence of denying resources to other worthwhile developments. The error would arise from the possible concealment of the uneconomic character of a project addition by its combination with a sound existing project.

As regards the third criterion of rate of return, as applied to Burns Creek and other proposed projects, the cost data used should be the same as used in a full and correct determination of the benefit-cost ratio. If the benefits and costs are accurately measured, then it is possible to compare the rate of return from the standpoint of investment choice as among several potential Federal developments, as well as from the standpoint of investment choice between the public and private sectors of the economy. Unless this type of analysis is pursued, the conclusion as to the desirability of Burns Creek will be inadequate because consideration would only be given to a small segment of the national economy, as distinct from a broader approach made in terms of the overall best use of the Nation's resources.

When the Federal Government allocates resources for development in what may be characterized as an underdeveloped section of the United States, it becomes simply a matter of older and more established areas subsidizing through the tax mechanism, investment in newer regions. The least that the tax exporting areas may reasonably expect is that such investments be economically worthwhile; i.e., meet the tests of benefit-cost ratios and economic feasibility, and be competitive in the rate of return provided.

(Certainly there has been a long-term national policy in favor of the development of the West ever since the Homestead Act. But the West is now in the forefront of American economic development and it may well be time that this policy be reexamined and appropriately modified.

It is well known that my own State of Pennsylvania has some problems of its own and cannot readily afford to export capital in the form of taxes to other regions.

It is apparent that at the root of much of the differences of opinion about the Burns Creek project is the pricing of the power. There would seem to be no good reason why prices should be set below costs. To do so is to subsidize the users of such power. Now, I am well aware that there are occasions when subsidizing some groups of citizens is a social value and desirable. Accepting this proposition, it becomes nonetheless most important that we know what we are doing. I am firmly convinced that such subsidies should be direct and aboveboard and be confined to the social group in need. The subsidies should not be hidden in an electric service rate structure where some needy

users receive it, while others do not, and where some well above need benefit by the accident of their customer relationships to Federal power project. In other words, far better, it would seem to be that the Treasury send a monthly stipend to the particular income group than to adopt the hit-or-miss policy that results from noneconomic project prices.

In the case of Government power projects, if the power is sold below cost by reason of omitting the tax component, using an artificial interest rate or because of other circumstances, we have a clear case of subsidy for the power users. This subsidy is paid for by the citizens of other States by the proportion of corporate and personal income taxes used to offset the deficits and the taxes lost by the Federal Government. To be specific, these citizens paying this subsidy are the customers of companies such as Pennsylvania Power & Light Co. This is an unfair and unreasonable burden on these citizens and others similarly situated.

I respectfully urge that the committee give consideration to these facts and to the use of the three criteria I have mentioned in its appraisal and decision on this Burns Creek project.

Thank you, Mr. Chairman.

Mr. ASPINALL (presiding). Mr. Busby, the acting chairman of the subcommittee wishes to compliment you on a very sane, unemotional, and logical argument. Though there may be some of the committee who may not agree with your position, the acting chairman thinks you have made a very fine presentation of your position.

You have said in your statement and I quote,

> There would seem to be no good reason why prices should be set below cost.

Do you take into consideration the fact that this might be considered as an overall integrated project, or do you just refer alone to the Burns Creek project?

Mr. BUSBY. Really the sentence was intended to be read two ways, Mr. Chairman, in terms of a broad philosophy and also with application to the particular Burns Creek project.

Mr. ASPINALL. Of course, the chairman would have to be in more or less agreement in thinking about the broad policy because I do not believe there is any reason to sell power below cost of production, but there may be a very good reason if this were an integrated project, where one part might be producing high cost power, but where the integrated cost would be taken care of.

Are there any questions?

Mr. ULLMAN. Mr. Chairman?

Mr. ASPINALL. The gentleman from Oregon?

Mr. ULLMAN. I would also like to commend Mr. Busby for a very succinct statement of his position. I believe in setting up your arguments in 1, 2, and 3 fashion, you have done it very clearly in accordance with your basic philosophy.

I would ask in your third criterion "rate of return" is there anything in Federal law that would substantiate your position on rate of return or is it merely the position of your industry, the light and power industry, with respect to Federal competition?

Mr. BUSBY. Mr. Ullman, I have tried to the best of my ability here to lay before the committee, as I see it, of course, the very important question of what is the best way to use the Nation's resources. We

have so many resources for the Nation as a whole, and I believe we are all interested in making the best use of those resources.

The point I am trying to make is that we are not making the best use of those resources if there are opportunities to use them in a way which produces a higher return and more value for the society and yet through the tax mechanism we divert the opportunity to invest on that basis and expand our gross national product on that basis and divert it into relatively lower value application.

I do not really mean anything that I have said here to be confined to just the electric utility industry at all.

Mr. ULLMAN. I understand, of course, that your position is a general philosophical position and not one based upon anything that is written in existing law or based upon any precedent of American law in the field of power and resource development.

Mr. BUSBY. I have taken the liberty of trying to approach this on a policy level, rather than on a matter of what is the present legal framework because that legal framework can always be changed in accordance with what the Congress would deem to be wise policy.

Mr. ULLMAN. It is a high level approach but it is one that the electric power companies have adopted and publicized very widely with respect to public power development in the West through advertisements.

Mr. BUSBY. I think it would be presumptuous for me to say that I am here as a spokesman for the industry. I am here for Jack K. Busby is all that can be said and I am trying to present my views for such use as the committee may see fit to make of them.

Mr. ULLMAN. You have expressed them very well. There is one other point, one that the chairman touched on very briefly. You talked about subsidy in the power business. Just what do you mean by subsidy here?

Mr. BUSBY. I am using subsidy here in the context of pricing below cost. And what I have suggested is that an electric rate structure which has hit-or-miss application as between preference customers and nonpreference customers is not an effective or desirable way to meet the problems of individual needs; if there is an individual need that that should be recognized and Congress should decide that something should be done about it and then it should be done on a direct basis.

Mr. ULLMAN. But how are we to determine whether this price below cost—I am trying to get where you get the opinion that the price is below cost. What you are saying is then that the project will not pay out. Is that what you are implying?

Mr. BUSBY. In taking a look at what is cost, I am drawing on the regulated background of the utility industry, which is that we are regulated on cost. We have labor costs, we have depreciation cost, we have a tax cost. All of these costs are paid for by our customers. We also have a cost of money. We are allowed by regulation those costs that are necessary to enable us to raise money in the competitive money markets in order to finance the building of utility facilities. All of this is on a cost basis. We do not sell power on a value basis. If we did, the price would probably be much higher, but it is noncomputable probably as to what is the value of electric power.

For good and sufficient reasons the industry is regulated on a cost basis. There is no question about that being a sound and desirable basis in my judgment.

Now, we are talking about using resources. The resources should be used in way to cover the costs that are involved as far as the pricing of the end product or service is concerned. So I would say that the tax is a foregone element. The depreciation element, the operating expense element, and the rate of return element or cost of money should also be included in determining cost or pricing for your power.

Mr. ULLMAN. You are not implying that as far as the U.S. Government's investment is concerned that this is below cost, but you are saying they should set up their books the same way the private utilities do and take all of those factors and the higher cost assumptions that go into private utility operation in to view when they price their electricity, is that right?

Mr. BUSBY. I believe I am saying proper costs are not being taken into account, and therefore, the pricing is below cost. I believe I am saying that.

Mr. ULLMAN. You are saying that actually the Federal Government is not going to get its money out.

Mr. BUSBY. I am saying it is not in my opinion giving proper reflection and weight to the element of the cost of tax; you see, people pay taxes. And here are a group of people that among a large number of people are being relieved of paying their share of the tax cost of the Federal Government operation. We all should presumably be paying taxes on a fair and equal basis to support the needs of this country.

The electric rate structure seems to be an undesirable way in which to alter, modify, change, or distort that broad tax-policy concept. Indeed, what you get right down to is you are therefore omitting a proper element of cost because taxes are a cost associated with raising capital and doing business, of course, in this country.

Mr. ULLMAN. But what you are doing——

Mr. ASPINALL. May the Chair say, we could continue this for hours and hours and both of you would be right.

Mr. ULLMAN. I agree with the chairman and I would yield back my time.

Mr. ASPINALL. Are there any questions on this side?

Mr. HOSMER. Mr. Chairman?

Mr. ASPINALL. The gentleman from California.

Mr. HOSMER. In connection with the capital investment cost as between the conventional steamplant and the Burns Creek hydroplant and whatever formula the Bureau might use in its cost-benefit ratio calculation, do you have any figures that you could give us that we could compare as to the cost of kilowatt capacity.

Mr. BUSBY. Could you read that back?

Mr. HOSMER. Perhaps I had better rephrase it. On page 4 you suggested that the cost-benefit ratio was calculated on a basis of costs of a plant that was not realistic. What I am simply trying to get is if I can, a cost for installed kilowatt capacity under that formula, one which is reasonable in relation to what a plant should cost and what is the cost of the hydro facility projected in the Burns Creek project. If you have those figures——

Mr. BUSBY. I think the testimony yesterday indicates that Burns Creek is on the basis of $500 plus per kilowatt of capacity and a modern steamplant would be in the range, depending on the particular location in the country, on the kind of fuel it burns—but I think in this part of the country from the testimony it would be somewhat over $150 per kilowatt, but not very much over that.

Of course, apparently in this region it is combinable with a very favorable fuel cost in mills per kilowatt-hour of only 2-mills-plus per kilowatt-hour. So this provides opportunities for good power generation.

I would like to mention one offshoot point of this, and that is this: The Burns Creek projects cost when it was originally presented in House Document No. 147 was $40 million. In the testimony Monday and Tuesday of this week, I have observed that the figure is now up to $49 million and, of course, will be $50 million or more when it is built.

Now, during this same period of time there have been improvements in the technology of steam generation and in coal mining both, which have been sufficient to offset inflation in that particular application. So, actually, the benefit which is measured by the alternative cost of steam is relatively going down all the time.

Take, for example, the figure of the ratio of 1.26-to-1 in the original presentation. Since that time the cost of Burne Creek has gone up 25 percent. The alternative cost of steam supply has remained about stable in my judgment, and based on my experience in Pennsylvania and examination of this record this would mean really that the ratio just for that reason alone has now dropped to 1-to-1 and there are other reasons which have been pointed out here which would make it negative.

Mr. HOSMER. Thank you.

Mr. ASPINALL. Are there other questions?

Mrs. PFOST. Mr. Chairman?

Mr. ASPINALL. The gentlewoman from Idaho?

Mrs. PFOST. Have you added any electric capacity to your system in recent years?

Mr. BUSBY. Yes, Congresswoman.

Mrs. PFOST. How does the cost compare with plants constructed recently to those constructed several years ago?

Mr. BUSBY. We are now able because of the progenation of steam technology in larger units and more efficient boiler combustion of fuel to produce kilowatt-hours with fixed charges in fuel in our part of the country at a slightly better cost, all elements taken into account, today, than was the case some years ago.

Now, a very different situation exists in hydrodevelopment because their water wheels have had nowhere near the technological improvements as is the case with steam turbines where you have been able to go to greatly increased sizes and better efficiency.

Mrs. PFOST. What you are saying is that your rate schedules today are based upon the integration of all of your plants, is it not?

Mr. BUSBY. Yes, with this proviso: that every time we undertake to add to capacity what we do is try to make a study of what is the most economical way of adding to the capacity of the system on an alternative choice basis. We had occasion quite recently to examine into the matter of an incremental addition to a hydroplant we have

which now has a 100,000-kilowatt capacity and there was some possibility of expanding that by an additional 40,000. What we did on that was to evaluate adding that 40,000 kilowatts of hydro against the cost, fixed charges, operating expenses, and the like, of the steam addition, assuming that the steam addition would be associated with the largest size and most efficient unit we could get.

So we made a comparative economic analysis of what was the best way to use our resources as between the hydroexpansion and alternative of steam. This is the philosophy I believe is equally applicable in determining what could be called or has been called an incremental addition to Palisades, if you look at Burns Creek that way.

Mrs. PFOST. You can answer my question just a straight "Yes" or "No." Is your rate schedule based upon integration of your low- and your high-cost plants?

Mr. BUSBY. Absolutely.

Mrs. PFOST. All right.

Thank you very much.

What was the position of your company on the Upper Colorado River project?

Mr. BUSBY. I cannot say that we had a position on that project.

Mrs. PFOST. What was your position on the Bonneville and some of the other projects in the West?

Mr. BUSBY. I would not profess to be a close student of the many projects that have been previously considered, built, and acted upon by the Congress. My interest in this subject arose in connection with the Burns Creek project.

Mrs. PFOST. This is the first project you have come to Congress to oppose?

Mr. BUSBY. I have never had occasion to appear down here before Congress in connection with this area of the Nation's business, that is right.

Mrs. PFOST. How long have you been with the company?

Mr. BUSBY. Since 1951.

Mrs. PFOST. I would like to call your attention to the fact that in the Upper Colorado, the financial integration of the Glen Canyon unit is estimated to cost $360 per installed kilowatt and Flaming Gorge is estimated to cost $610. And that is more than the Burns Creek will cost. Do you think that Congress was wrong when they authorized these medium- and high-cost power projects?

Mr. BUSBY. There is much more involved in reclamation projects than the cost per kilowatt of power. This, I certainly appreciate and I would not undertake to answer your question, Congresswoman, on those projects, without undertaking to study it and be more familiar with the situation than I am. The reason that there may be a difference, though, is that this Burns Creek project, as I understand it, unlike most other reclamation projects that have been acted upon by the Congress, is allocated 98.3 percent to power and, therefore, can be viewed much more as a power analysis question than would otherwise be the case.

Mr. HOSMER. Will the gentlewoman yield?

Mrs. PFOST. In 1 minute, because I would like to pursue this phase a little further and then I will yield to my colleague. There is where yours and my opinions differ, Mr. Busby, because even though you

say only 1.7 percent of the cost is to be allocated to gravity-flow irrigation you must remember that a great block of Burns Creek power is going to be available for summer firm power for irrigation pumping. This means that several thousand acres of land can be brought under irrigation by pumping. The figures have varied in estimates from 40,000 to about 140,000 acres, and I should like to verify the number by the Bureau of Reclamation later.

So in reality you simply are giving the people of the area power at a price they can afford. I do not think it is a fair statement to say that only 1.7 percent of Burns Creek will be allocated to irrigation. If Burns Creek is not constructed, where would firm power for summer irrigation come from?

I agree with you that there is a great deal more involved at Burns Creek than the cost of power, and let me remind you it is a very important project.

Thank you, Mr. Chairman.

Mr. HOSMER. Will the gentlewoman yield?

Mrs. PFOST. Yes, I will yield to the gentleman from California.

Mr. HOSMER. I was going to ask the gentlewoman if the cost figures she gave for Glen Canyon and Flaming Gorge were the original estimates made to the committee at the time the projects were being considered or the later revised and enlarged cost figures that have been coming up.

Mrs. PFOST. Frankly, I do not know. I have not gone back into it.

Mr. HOSMER. There is a considerable difference. They keep going up all the time.

Mrs. PFOST. That may very well be true. Also, while we are on the subject, of course, over in Bonneville there have been several different rate schedules that have been authorized by the Congress, too. There are a couple of them in particular—Little Goose on the Snake River is $570 which is integrated, you see, with the lower cost power and Lower Monumental at $545 and that is certainly higher than your other projects in Bonneville.

Mr. HOSMER. I might say I am opposed to Congress sitting here regulating power rates in Oregon or anyplace else. I think it ought to be done as the witness suggested on the basis of a fair return.

Mrs. PFOST. Thank you, Mr. Chairman.

Mr. ASPINALL. Are there other questions?

The next witness is George W. O'Connor, vice president of the Montana Power Co.

STATEMENT OF GEORGE W. O'CONNOR, VICE PRESIDENT, MONTANA POWER CO., BUTTE, MONT.

Mr. O'CONNOR. Mr. Chairman and members of the committee, my name is George W. O'Connor, and I am vice president of the Montana Power Co., with headquarters in Butte, Mont. I am appearing here today in opposition to S. 281, which would authorize the construction of the Burns Creek project on the Snake River in southeastern Idaho.

The Montana Power Co. is opposed to this project because:

1. It would be a burden on the irrigation and reclamation program of the West and would dissipate Federal funds which are more urgently needed to develop sound irrigation projects for the benefit of the economy of the area;

2. Its construction would completely reverse a long-accepted concept of using power revenues to help pay for irrigation and would, instead, propose that reclamation subsidize a purely commercial power project; and

3. It seeks to establish a Federal utility responsibility in the area, creating a dangerous and unwarranted basis for the Government engaging in the commercial electric power business.

COMPANY FAVORS SOUND RECLAMATION PROJECTS

The Montana Power Co. always has favored and supported sound irrigation and reclamation projects and has a record of nearly half a century of dedicated interest in reclamation. Its activity in fostering and encouraging practical reclamation projects is traditional in Montana because the company recognizes that homes, business, industry, and people prosper on the foundation of a sound, prosperous agricultural economy.

In 1913, our company developed the Prickly Pear irrigation project in the Helena Valley, of Montana, and operated it successfully for many years before turning it over to the water users of the valley. In 1915, the company built Hebgen Dam on the Madison River to store and regulate water for irrigation and power purposes.

These are only two examples of our company's great interest in a sound irrigation program for the West.

My own personal experience is one of close association with reclamation. I was born and reared in the semiarid section of Montana, east of the Rocky Mountains and north of the Wyoming border, where some of the earliest of all reclamation projects were started. From boyhood, I have seen semiarid lands become fields of abundance by the construction of economically feasible reclamation projects, and I proudly recall years a a rancher devoted to the interest of irrigation.

BURNS CREEK IS NOT AN IRRIGATION PROJECT

The fact that more than 98 percent of the cost of the Burns Creek project is allocated to electric power and that less than 2 percent is allocated to irrigation appears to be ample demonstration that the project is not an irrigation project, but a commercial electric power development.

In the light of the facts, it is inconceivable that this project is being advocated as a feature of the Bureau of Reclamation's stated program of reclaiming the West's arid land.

PROJECT WOULD DISSIPATE FUNDS NEEDED FOR RECLAMATION

In Montana and in other States of the West, there are millions of acres of land awaiting the type of irrigation development that will make them highly productive and valuable assets to the economy of the Nation.

To reclaim these acres will require, through the years, the expenditure of vast sums of money. The construction of the Burns Creek project, at a cost of more than $48 million, would dissipate Federal funds that could be used to far greater advantage in the reclamation program and would deprive the West of some of the development to

which it looks forward. Any part of the appropriations made to the Bureau of Reclamation for power purposes, of course, is not available for the development of irrigation.

By endeavoring to obtain funds for a power project by labeling it "reclamation," we are placing reclamation in a position where all projects will be under suspicion. This will destroy the respect and standing which reclamation enjoys throughout the United States and will result in great damage to the growth of the West.

IRRIGATION WOULD SUBSIDIZE POWER

It appears to be generally agreed that the Burns Creek project cannot stand on its own feet as a feasible project.

The Congressional Record of July 24, 1959 (at p. 12994), attributes to the Bureau of Reclamation a statement that "Burns Creek would be impossible, standing alone."

The project is integrated with the establishment of Palisades project for the purpose of improving its financial feasibility. In so doing, the Bureau of Reclamation is reversing a basic concept of its program; irrigation in this case would be required to help pay out a commercial power project instead of using power development to assist in the financing of irrigation.

An extension of this concept would completely ruin the irrigation program of the West.

ESTABLISHMENT OF UTILITY RESPONSIBILITY IS UNWARRANTED

Our third objection to the Burns Creek project is based on its justification as being necessary because the Federal Government seems to feel it has a utility responsibility in the area. This attempt to accept utility responsibility creates a completely unwarranted basis for the Government engaging in the commercial power business and constitutes a grave threat to the investor-owned utility industry, to say nothing of the burden it could place on the taxpayers of the Nation.

During the Senate hearings on this bill last year, Mr. N. B. Bennett, new Assistant Commissioner of Reclamation, testified:

> * * * these people (referring to preference customers of the Government) now have contracts for power with the Federal Government and we believe that they should continue to receive from the Federal Government power to meet their growing loads.

This would appear to establish the entirely new theory that the Bureau of Reclamation is going to assume the exclusive responsibility to supply the requirements of preference customers in perpetuity wherever the Bureau has built and operated a project with power generation.

It is recognized that when the Government builds a multiple-purpose project which contains generating facilities, it sells power from that project, giving preference in the sale of such power to REA cooperatives and other public bodies. However, the preference clauses in Federal power marketing laws never were intended to create an obligation on the Government to supply all of the preference customers' electric requirements in perpetuity.

If such a philosophy were pursued to its conclusion, it would require the Federal Government to undertake a construction program of stag-

gering proportions, building first hydroelectric plants and, eventually, steam-electric generating stations to carry out its claimed utility responsibility. Such a program, of course, would result in seriously unfair competition against the investor-owned electric utility industry and would burden the taxpayers with the overwhelming weight of billions of dollars in Federal expenditures.

If such a time ever came, this Nation could celebrate a requiem for the program of western irrigation and reclamation. The Bureau of Reclamation will have become the Bureau of Power.

CONCLUSION

It is our firm conviction that the Burns Creek project should not be built because:

1. It would deprive the West's irrigation and reclamation program of more than $48 million needed for justifiable reclamation projects;
2. It would establish a new concept of irrigation subsidizing uneconomic power projects for the benefit of a few preference customers;
3. It would endorse the completely unwarranted philosophy that the Federal Government has a utility responsibility in any area in which it has built a powerplant;
4. It would promote the Government's role of unfairly competing with investor-owned utility companies in the commercial power business; and
5. It would result in a wasteful and unnecessary addition to the tax burden of the Nation's taxpayers.

For these reasons, we respectfully urge this committee to reject S. 281 and to deny authorization of, and funds for, the Burns Creek project.

Mr. ASPINALL. Thank you.

The next witness is J. A. Buchanan, executive director, Wyoming Natural Resources Board. I wish we had more time because we know of your interest in this matter. You may proceed.

STATEMENT OF J. A. BUCHANAN, EXECUTIVE DIRECTOR, WYOMING NATURAL RESOURCES BOARD

Mr. BUCHANAN. Mr. Chairman and members of the committee, may I extend my appreciation and that of our board for the privilege of appearing before your committee today.

Our board wishes to place ourselves on record at this time in opposition to the construction of the Burns Creek project. Our board president, J. B. Wilson, presented a brief statement to this committee last year, as did our State's Congressman, the Honorable Keith Thomson. We would at this time, also for the record, endorse these statements.

May I explain briefly the history and duties of the natural resource board.

The Wyoming Natural Resources Board was created by an act of the State legislature in 1951, and is a department of the executive branch of government. The natural resources board is composed of nine members, representing each of the seven judicial districts, plus two members at large. The board serves without compensation. Ex officio members of our board are the Governor, State engineer,

president of our university, the State highway commissioner and the State agricultural commissioner. The board is charged with the fullest development of our State's natural resources and maintains a full-time office and staff at 215 Supreme Court Building, Cheyenne, Wyo. I am the executive director for the board and charged with the administration of this department.

The activities of our board encompass among other duties the development of minerals, the attraction of industry, and the development of water. In the latter instance, we are the liaison agent recognized by statute to deal with the Bureau of Reclamation in the construction of reclamation projects.

The State of Wyoming is concerned about the passage of legislation to allow the construction of the Burns Creek project because of the adverse effects upon the State's economy in the loss of tax revenue and the loss of employment in an area that is still struggling from the effects of losses due to the changing technology in the coal industry.

The concern of our department, and its various divisions, over the Burns Creek project is both to its effect upon the industrial development of southwestern Wyoming and the potential setting of precedence in the expenditure of reclamation funds.

It has been the pleasure of our board to work with the Utah Power & Light Co. relative to location of their 500,000 kilowatt units for the generating of steam-electric power near Kemmerer.

The Kemmerer area has been greatly affected by the decline in coal production. Where formerly 1,500 coal miners were employed by the Kemmerer Coal Co. alone, now only 200 people are employed in the coal mines in the entire county. There has, of course, been a proportionate effect upon the entire county's economy, as other witnesses have or will testify. The Utah Power & Light Co. and its installation of steam generating facilities in the area present one large opportunity for an increase in employment and represent a tax-producing industry for this area.

It is also of concern to the Natural Resources Board that if the Burns Creek project is built, the preference customers, who would take advantage of this subsidized power from Burns Creek, would include a great number of communities which are in economic competition with communities in southwestern part of the State of Wyoming are further handicapped by unfair competition in power rates as a location and living cost factor because of such Government subsidization.

Wyoming is, therefore, doubly penalized.

It is evident that Burns Creek will produce 90,000 kilowatts of hydroelectric power at a project cost of in excess of $48 million. Only 1.75 percent of the project cost is allocated to reclamation. It should also be noted that reregulation is listed as a primary purpose for the proposed bill, but testimony has been inserted to indicate that construction of a reregulation facility could be accomplished by a sum between $3 and $6 million.

Wyoming certainly is not antireclamation. In fact, Wyoming presently is the leading contributor to the reclamation fund. We sympathize most heartily with the desire of the Bureau of Reclamation for construction of a reregulation reservoir. However, since testimony has indicated that such a reservoir could be constructed for costs esti-

mated from $3 to $6 million, it is evident that the additional sums are for the power construction facilities alone. Wyoming would support the construction of a reregulatory reservoir as indicated.

For the sake of comparison, let me note that Utah Power & Light Co., utilizing Wyoming coal, is completing preliminary work on the first unit of the proposed Elkol plant for the production of 150,000 kilowatts at an investment of $34 million.

Utah Power & Light Co. is already committed to the construction of their first unit of 500,000 kilowatts total three-unit capacity at the Kemmerer site. The immediate effect of the construction of the Burns Creek Dam will be an indeterminate delay in the construction of the second and third units of this steam-electric project. It is well to remember that 90,000 kilowatts of hydroelectric power in the area will result in a total and permanent loss of market for 90,000 kilowatts of power in the area that could be generated from coal. The second unit cost alone is estimated at $28½ million.

The coal industry has been hard hit in Wyoming. As prior testimony indicates, changing technology is the apparent cause. We in Wyoming are not, however, looking backwards, but are looking to present and future uses of this vast Wyoming resource to provide our State with new and vigorous industries. The production of power from coal is the only use area showing improvement in the coal industry today. Wyoming measures its coal in the trillions of tons and the coal is most economical to mine, making it ideal for power location.

What would the second unit of Utah Power & Light Co.'s plant mean to the coal industry and to Wyoming?

Because of the availability of low-cost coal, the private power company tells our board that they would anticipate an exceedingly heavy load on the second power unit of 150,000 kilowatts, with an annual utilization of 600,000 tons of coal for this second unit alone.

According to our State board of equalization, 600,000 tons of Elkol coal per year would result in an evaluation of $960,000, which with an application of a mill levy of approximately 40 mills or 4 percent, would net $38,400 in taxes per year; losses to the mners' welfare fund of $240,000 per year; losses in wages to coal miners, numbering between 175 and 220 (at about $5,000 per year each) would result in coal mining wage loss between $875,000 and $1,100,000 additional each year. As you can see, the jobs created would be in excess of 200 men per year, at a minimum, in the mining and actual power operations alone.

In addition, there would be more than $250,000 in taxes paid each year on the physical powerplant unit itself, as well as a considerable one-time payment for sales and use taxes on materials and equipment utilized on this operations construction. These figures do not include the losses caused by the third unit delay and do not include any figures for the first unit which will not be affected.

It is difficult to calculate the additional effects in the area. The U.S. Chamber of Commerce estimates that each 100 jobs add 74 additional jobs to the community and result in a total increase in annual retail sales of $360,000. They mean 296 more people, 112 more households, 51 more schoolchildren; $590,000 more personal income each year, $370,000 in bank deposits, 107 more passenger cars, and 4 more retail establishments. This effect will be over double these figures or approximately so.

Let us not forget also the taxes payable to the Federal Government from this private enterprise operation.

I would like to refer to a tax gain of a similar type of industry as it was indicated to us in the last year. In 1958, when the first unit of the Dave Johnson plant of Pacific Power & Light Co. at Glenrock Wyo., was completed and put on stream, the tax bill for 1959 taxes in Converse County, where the plant is located, amounted to $158,322. This tax includes local, school district, and State taxes, and covered a period when the plant operated only 2 or 3 months. Of this amount, only $959 was attributed to the tax on coal which had not been mined to any large extent by that time. In the same districts affected, district 14, 15S, and 15, which are school districts in Converse County, in 1956 the total tax was $6,251; in 1959 it was $145,452.

The total tax levy for Converse County for the year 1959 was $1,361,142. In 1956, the total taxes collected in Converse County was $1,015,109. The total taxes paid by Pacific Power & Light Co. in Converse County was $6,251, or slightly more than six-tenths of 1 percent of the total taxes. In 1959, the total taxes levied in Converse County was $1,136,42. Pacific Power & Light Co., after construction of the Dave Johnson steamplant, paid taxes in excess of $158,322 or 11$\frac{9}{10}$ percent of all the taxes paid in Converse County. I repeat that in this period of time the plant was not in complete operation and that it did not consider to any great extent the return on coal being mined, which had not been utilized to any degree by that date.

A similar situation will exist in Lincoln County when Utah Power & Light Co. plant is in operation. The construction of the second unit and subsequently a third unit will increase proportionately the tax revenue and tax rate.

As now anticipated, the Utah Power & Light Co. have informed the State that they have planned to place the entire 500,000 kilowatt units on stream by 1967. Any delay beyond that time would, as illustrated, have effects upon the economy each year as well as the total and complete loss of the market represented by the 90,000 kilowatts of hydroelectric power.

The 98-percent cost of Burns Creek is allocated to power sets a precedence which is of deep concern to the board. It would indicate that the Federal Government is now utilizing power revenues to subsidize production of power as against the historical precedence of utilizing power for repayment of reclamation. We are also quite concerned with the apparent setting of precedence wherein the Federal Government is assuming to meet the growing needs of preference users rather than using these preference customers only as a market for available power as needed to support reclamation work.

We recall the statement from Under Secretary of the Interior N.B. Bennett, who said:

> True if the Utah Power & Light Co., or the Idaho Power Co., in whose market area most of these customers are, are the agencies to serve these increased loads, then it is a different question. But these people now have contracts for power with the Federal Government and we believe that they should continue to receive from the Federal Government power to meet their growing loads.

This would seem to be a considerable departure from the approach and the statement of Mr. Fred Aandahl, an Assistant Secretary of the Interior, who said:

I think it is incumbent on the Federal Government to encourage a maximum of local responsibility in meeting the growing power needs of the Nation. Because of that fact, we have tried to emphasize in all of our Federal marketing during that period that I have been in my present position that the responsibility for total needs rests with the local entities. We will be just as helpful as we can with thhe Federal power that is avalable from these multiple-purpose projects, and we know that power is of great economic advantage to the local people, and particularly to the preference customers. We do feel it would be unwise for us, as the marketing agent for all Federal power except that which is in the Tennessee Valley, to try to establish a total utility responsibility for any group of customers. We would be committing the Congress to expenditures of immeasurable amounts of money if we were to establish a policy of that kind. I think we would be derelict in our duty if we did.

There are other statements on record to support Mr. Aandahl's position. Our board has continually been on record in support of multiple-purpose usage but we have also been continually on record in opposing legislation for single-purpose use such as subsidized power at the expense of private utility and at the expense of the economy of our State and Nation.

The record is quite clear, in the opinion of our board, that the Burns Creek project does not improve the feasibility of the Palisades project, but actually undermines the economic stability of the Palisades project. Burns Creek would, in fact, increase the payout of the Palisades irrigation figures repaid by power revenues, from 33 to 59 years. This would seem to be 9 years beyond the normal 50-year payout period. As the project now stands, Palisades can return an excellent payout in the period provided and should not be utilized to subsidize public power.

I call to your attention once again the comparative costs of the construction of the 98 percent portion of the Burns Creek power purposes and the comparative costs of the construction of 150,000 kilowatts of power of steam generation at Kemmerer.

May I also once again refer you to the record, this time of the Senate hearing wherein in the minority views of Senator Barry Goldwater of Arizona, as printed in the Senate Committee Report No. 439, the Senator points out that as a power project by itself the Burns Creek would produce very high-cost power. Low-cost power is actually made possible by the diversion of reclamation firms from Palisades and thus reclamation will subsidize the Burns Creek power users.

The project is, therefore, in our opinion, detrimental to reclamation. The demand and future demand in the area can be supplied by private utilities. Subsidization in the form of increased public power to communities is not in the public interest. If the Bureau is to continue to supply public power to all preference communities and their anticipated growth over the years, it is contrary to the Bureau's past stated intents and purposes as we have mentioned. The statement that the demand has already been made is a rationalization by the Bureau of Reclamation, for most certainly the demand will be made upon any subsidized power if it is available. This does not necessarily mean that it is right or just.

May I respectfully add the comment that the last session of Congress passed a bill which the President subsequently vetoed, but which

the present Congress is again considering, to increase research in the utilization of coal. It would seem inconsistent for the same Congress to subsidize electric power and nullify the gains in coal in a region such as our own.

The State of Wyoming went firmly on the record during the 1959 session of our State legislature when it passed Senate Joint Memorial No. 5 relative to the construction of the Snake River Narrows Reservoir. A copy of this memorial is attached. While it does not apply in its entirety, I would call to the committee's attention paragraph 5 regarding the legislature's attitude on hydroelectric versus steam generated power.

I will not repeat a great deal of the opposition viewpoints that have influenced our views given here, but would like to say that our board has read and considered very carefully this matter, and that we respectfully resubmit to this committee our opposition and ask that this committee take action which will defeat S. 281.

Thank you.

(Resolution referred to follows:)

ORIGINAL SENATE JOINT MEMORIAL NO. 5

A JOINT MEMORIAL Memorializing the Congress of the United States of America with reference to the opposition of the people of the State of Wyoming to the construction of the Snake River Narrows Reservoir in the State of Wyoming

Whereas construction of the Snake River Narrows Reservoir would cut off Highways 26 and 89 which presently serve both tourists and the residents of Wyoming and on which several millions of dollars have been spent in the last 20 years, and would also cut off Highways 187 and 189 so that no traffic could travel from Yellowstone and Teton National Parks to southwest Wyoming; and

Whereas two winter feeding grounds for elk and other wild game would be inundated by the construction, with migration routes blocked, spelling doom for one-fourth of the renowned Jackson elk herd; and

Whereas the historical recreational advantages and desirable fishing in this area would be seriously curtailed; and

Whereas the purpose of the dam would be the production of kilowatts of power, which power in like or larger amounts could be produced by steam and will probably eventually be produced by atomic power; and

Whereas there is an alternate and equally feasible site for the proposed dam outside the Snake River Narrows in the State of Wyoming: Now, therefore, be it

Resolved, by the Senate of the 35th Legislature of the State of Wyoming, the House of Representatives of such Legislature concurring, That the President of the Congress of the United States of America be and they are hereby memorialized to recognize the opposition of the people of the State of Wyoming to the construction of the Snake River Narrows Reservoir by taking appropriate action in not providing funds for the construction of this dam in the State of Wyoming; and be it further

Resolved, That certified copies hereof be transmitted promptly to U.S. Senator Joseph C. O'Mahoney, U.S. Senator Gale W. McGee, and Representative in Congress Keith Thomson.

Approved February 11, 1959.

Mr. ROGERS (presiding). The Chair recognizes the gentlewoman from Idaho for any questions she may have.

Mrs. PFOST. Thank you.

I would like to ask you, Mr. Buchanan, does your organization have any connection with the State engineer and interstate streams commission?

Mr. BUCHANAN. Yes, Madam.

Mrs. PFOST. You are appearing in opposition to the Burns Creek Reservoir, if I interpret your statement correctly.

Mr. BUCHANAN. Yes, Madam.

Mrs. PFOST. Then, I should like to call your attention to a letter from L. C. Bishop on October 11, 1956, as State engineer and State streams commissioner——

Mr. BUCHANAN. I beg your pardon. Interstate streams commissioner at that time.

Mrs. PFOST. Right.

His letter is addressed to E. G. Nielsen, Assistant Commissioner, U.S. Department of Interior, Bureau of Reclamation.

DEAR MR. NIELSEN: Agreeable with the request contained in your letter, I have reviewed the report of the U.S. Bureau of Reclamation on the potential Burns Creek Dam, powerplant and reservoir, Palisades project, Idaho. With the need for additional power in that area and showing a benefit-cost ratio of 1.27 to 1, the project appears to meet feasibility requirements. This project will in no manner interfere with the provisions of the Snake River compact between the States of Idaho and Wyoming and, therefore, I commend its favorable consideration by the Governor of Wyoming and the Wyoming congressional delegation in Washington, D.C.

Very truly,

L. C. BISHOP.

His title is State engineer and interstate streams commissioner.

Mr. BUCHANAN. Yes, Madam. He is not with us any more.

Mrs. PFOST. Do you know what the official State position is of Wyoming today?

Mr. BUCHANAN. That is it, my dear lady.

Mrs. PFOST. You are speaking for the Governor?

Mr. BUCHANAN. I am talking for the natural resources board who are charged with reclamation and water.

Mrs. PFOST. Then do you feel you represent the interstate streams commissioner in your statement?

Mr. BUCHANAN. Yes. The State engineer is one of our ex officio members, yes, Madam; Mr. Earl Lloyd.

Mrs. PFOST. Then it appears that by bringing a new State engineer into your State, the position has completely changed.

Mr. BUCHANAN. He is not new. He was Mr. Bishop's assistant. He is not new, he is familiar with it.

Mrs. PFOST. Do you know what his position might have been back in 1956 then?

Mr. BUCHANAN. No, Madam, I do not.

Mrs. PFOST. But today he is opposing it?

Mr. BUCHANAN. Yes, Madam.

Mrs. PFOST. And in direct opposition to the position of Mr. Bishop?

Mr. BUCHANAN. Yes, Madam.

Mrs. PFOST. I wanted the record to show that.

Thank you, Mr. Chairman.

[COMMITTEE NOTE: Subsequent to completion of the hearings the following letter was received from Governor Hickey clarifying the position of the State of Wyoming on the Burns Creek project.]

WYOMING EXECUTIVE DEPARTMENT,
Cheyenne, February 26, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN ASPINALL: I am sorry for the delay in responding to your letter of February 18 which arrived during my absence from the office.

This letter will confirm my telegram to you February 17 advising that I have no information that the position of Wyoming on the Burns Creek development has changed since the letter of October 11, 1956, signed by the then State engineer, L. C. Bishop. I have just conferred with Mr. Lloyd, State engineer, and he advises me that neither he nor his office has issued any statement changing or altering the decision by Mr. Bishop in his letter of October 11, 1956.

Sincerely yours,

J. J. "JOE" HICKEY, *Governor.*

Mr. ROGERS. Mr. Chenoweth?

Mr. CHENOWETH. I do not want to take any time, but I do compliment the witness on a fine statement.

Mr. ROGERS. Are there further questions?

Thank you very much for your statement and also your cooperation.

Mr. BUCHANAN. Thank you.

Mr. ROGERS. We have next the three men, Mr. Sorensen, Mr. O'Connor, and Mr. William J. Welsh.

STATEMENT OF G. E. SORENSEN, PRESIDENT, KEMMERER COAL CO., KEMMERER, WYO.

Mr. SORENSEN. Mr. Chairman and members of the committee, I am G. E. Sorensen, president of the Kemmerer Coal Co., at Kemmerer, Wyo. This statement in opposition to the Burns Creek project as proposed by S. 281 is made, not only in my capacity as president of the Kemmerer Coal Co., but also as a private citizen who is vitally interested in the development of western Wyoming, and I would not like to see a Federal project authorized which would add very little to the economy of the State of Idaho but would materially hinder the development of my area in the State of Wyoming.

The 90,000-kilowatt Burns Creek project is undoubtedly a power project, 98 percent of the cost being allocated for this purpose. On February 11, 1959, the Legislature of the State of Wyoming passed a joint memorial expressing the opposition of the State of Wyoming to the Narrows hydroproject, a project similar to Burns Creek, located a few miles upstream from that project in the State of Wyoming. This memorial was introduced on February 26, 1959, by Senator McGee (for himself and Senator O'Mahoney) to the Committee on Interior and Insular Affairs. One reason for the opposition was that:

> The purpose of the dam would be the production of kilowatts of power, which power in like or larger amounts could be produced by steam. * * *

I also firmly believe that if 90,000 kilowatts of power is to be developed in the area, it should be developed by steam, using Wyoming coal, and not a Federal power project such as Burns Creek.

On April 17, 1959, the Wyoming Mining Association passed a resolution expressing opposition to the construction by the Government of unnecessary hydroelectric projects in direct competition to coal for power generation. The Burns Creek project is a project in the category opposed by the association and, as I will later point out, mate-

rially depletes the coal market for our area. The project is unnecessary and I do not believe there is any justification for the expenditure of $50 million of public funds to construct a project in direct competition with coal in an area where private industry has worked long and hard to develop a market and now has underway a project which will materially benefit the entire economy of western Wyoming without the expenditure of public money.

Near the town of Kemmerer, Wyo., is a huge deposit of subbituminous coal. This coal has a high moisture content, slacks readily, and cannot be hauled by rail as economically as the higher grade bituminous coals in the area. Therefore, the economic development of such coal is dependent upon an industry which will consume the coal at the site.

For a number of years the Kemmerer Coal Co., together with officials of the town of Kemmerer, Wyo., had been trying to get the Utah Power & Light Co. to build a steamplant near Kemmerer to use this subbituminous product. As a prelude to final coal supply negotiations with the power company, the Kemmerer Coal Co. spent considerable money drilling and proving the reserves of coal in the deposit. These findings of reserves were checked by independent geologists and engineers retained by the power company. Upon proof that there were sufficient coal reserves to provide fuel for operation of at least two 150,000 kilowatt steam units, we started negotiations with the Utah Power & Light Co. for sale of a coal supply for their proposed plant. In December 1957 we executed an agreement with the power company which provides that they will build a 300,000 kilowatt steam electric plant at the Kemmerer site, the first unit to be in operation by 1963.

In the agreement we have dedicatd 35 million tons of coal to the operation of such plant and have encumbered our property in Lincoln County with a lien for the faithful performance of this agreement. It is anticipated that the first unit of the company plant will use approximately 600,000 tons per year, and when the second unit comes in it is anticipated that the consumption will be almost twice this amount. The Kemmerer Coal Co. is to supply the fuel for these two units. The power company plans on an ultimate capacity of one-half million kilowatts at this site and I am confident we will supply the total fuel requirements.

In connection with supplying the coal requirements for the first unit of the plant, the Kemmerer Coal Co. will employ from 100 to 120 men on an annual full-time basis with an annual payroll of approximately $660,000; will purchase each year supplies in the amount of $550,000, a substantial amount of which will be purchased locally in Wyoming and Idaho; and will pay State and local taxes annually in the amount of $73,000.

There is certainly no shortage of hydropower in the area, as proponents of Burns Creek claim, as evidenced by the fact that surplus hydropower has already delayed the Kemmerer plant by 2 years.

The proposed Burns Creek project, which would generate 90,000 kilowatts and one-half billion kilowatt-hours per year in a surplus hydropower area, would dilute the amount of coal consumed in the area by 250,000 tons per year and would materially hinder the development of the coal deposit in the Kemmerer area.

I would like to point out that a reduction of 240,000 tons of coal mined annually as a direct result of constructing Burns Creek would mean an annual loss of $275,000 in mine payroll, an annual reduction in the supplies purchased locally in the amount of $225,000, an annual reduction in State and local taxes of $18,000, and an annual reduction in the payment to United Mine Workers of America Health, Welfare, and Retirement Fund of $100,000.

Upon inquiry, we have been informed that the power company has spent about $500,000 for preliminary planning, to purchase land for their powerplant site, as well as for the reservoir which will provide 42,000 acre-feet of storage for cooling water for the plant. I am reliably informed that the power company has budgeted about $400,000 for work on the dam this year. The reservoir dam is now under construction. Their first 150,000-kilowatt unit is on order with General Electric Co. and they expect to have such unit in service by the fall of 1963.

In the power company's planning, land acquisition, and securing of necessary licenses and permits, there has been very close cooperation between my company and the power company, as well as with the Wyoming Natural Resource Board, officials of the town of Kemmerer, State fish and game commission, and other State agencies.

There has been an attempt on the part of some parties to discredit Utah Power & Light Co.'s intentions of going ahead with the Kemmerer development on the basis that the power company, in early 1958, entered into an agreement with the Idaho Power Co. for the purchase of 150,000 kilowatts for a 6-year period ending in 1967. The Kemmerer Coal Co. was kept fully informed by Utah Power & Light Co. of its negotiations with Idaho Power Co. for purchase of firm power at a very attractive price. They asked us if we would consider postponing the date we were to supply coal from our Kemmerer mine to the proposed Utah Power & Light Co. plant from 1961 to 1963. We agreed to this on the condition of the payment of a certain consideration, and the contract that we now have with the power company provides that they will have a 150,000-kilowatt unit in service in 1963.

The fact that Congress amended the Mineral Leasing Act to enable the assembly of coal reserves commensurate with the requirements of the modern steam electric generating plant would indicate that the use of coal as a fuel for electric generation in the West is recognized and should be encouraged. Should the Burns Creek Reservoir be built and a powerplant installed, it would replace at least 250,000 tons of coal per year or equivalent in generating capacity.

We have labored hard and long in our endeavor to secure a customer for the type of coal in this area, and it certainly will be the salvation of the economy of this part of the State to have these subbituminous coal reserves utilized. As you know, the coal industry is operating in a depressed economy and I do not believe that this fact should be shrugged off with the statement that this is a continuous and expected thing in the industry. No effort should be spared to alleviate this condition and nothing should be done to aggravate it.

In our own area there are many, many families who are in dire need of the year-round employment which this development offers. In the event the Federal Government undertakes the construction of the

Burns Creek project, the obvious result would be a decrease in use of coal from the area with accompanying loss of payrolls and taxes, and the continuation of depressed conditions in our communities.

I therefore sincerely urge that you do not approve the Burns Creek project.

STATEMENT OF WILLIAM J. WELSH, JR., MAYOR OF PRICE, UTAH, ACCOMPANIED BY JOHN BENE, COUNTY ENGINEER OF CARBON COUNTY, UTAH

Mr. WELSH. Mr. Chairman and members of the committee, I am William J. Welsh, Jr., mayor of Price, Utah. I am accompanied by John Bene, county engineer of Carbon County, Utah, and also city engineer of Helper, Utah.

We have been authorized by the City Councils of Price and Helper and also the commissioners of Carbon County and the Price Chamber of Commerce to oppose the construction of the Burns Creek project.

On March 18, 1955, I appeared before this committee and submitted a statement relative to the upper Colorado River project in registering our opposition to the inclusion of a particular participating project known as the Gooseberry project.

In that statement we submitted considerable detail concerning the area that we represent and at that time we were arguing for the future of our county and for the continued use of the water on our watershed.

In the intervening 5 years we have noted considerable progress in Carbon County through the use of coal in steam electric plants. Since my last appearance before this committee the Utah Power & Light Co. has completed units in Carbon County as mine-mouth operations generating 177,000 kilowatts of power and using coal in the near vicinity. The power company has invested over $28 million in generation and transmission facilities in the county.

We feel that we can properly intervene in this hearing due to the fact that power generated in the plant is part of the integrated system of the Utah Power & Light Co. and consequently serving part of the region proposed to be served by Burns Creek project.

We feel that when private utilities can give the service that they should be permitted to do so. We base our objections to the Burns Creek project and any other similar projects in that it will seriously injure the economy of our area and will forestall potential growth of the steam-electric method of power generation.

As you well know, the coal industry is in a depressed condition and employment in the coalfields is seriously depressed. Continued layoffs of a permanent nature are becoming an everyday occurrence in the commercial field of coal mining and production as other energy fuels and displacement of coal is taking place.

The people of my area recognized this trend many years ago and sought to correct it as part of a local effort to diversify our industry and also seek other uses of coal, our principal resource and the mainstay of our economy. We now find that the greatest potential that we enjoy is selling our coal through the sale of electricity and through the transmission lines of our utilities.

In simple terms, the Utah Power & Light Co. has produced an added payroll in our area amounting to $280,260 paid to employees of the utility alone. They have become the largest taxpayer of the county and last year paid over $395,000 to our county treasurer. They are paying one-sixth of the total taxes assessed in Carbon County.

In addition to this they are responsible for the additional production of 1,800 tons of coal daily. This gives stabilizing employment to some of our coal miners who otherwise would be thrown out of work and permits the local coal companies to have year-round employment and permitting them to keep their mines in good condition.

The coal company has a present estimated monthly payroll of $125,000 compared to a monthly payroll of approximately $250,000 5 years ago. As an added example of the depressed condition in the mines, in 1954 there were over 3,000 miners employed in our county and today we have about 1,800 steadily employed in production of coal.

We have had serious layoffs in the commercial mines within the past 2 weeks and it is reported to me by the head of the largest commercial coal company that his company would be seriously affected if it were not for the electric utility. Other benefits occur to many other people as a result of the installation of the steam-electric plant in our country.

The United Mine Workers of America receive approximately $259,200 annually paid into their health, welfare, and retirement fund as a result of the coal mined and produced; supplementary jobs in various services are created or stabilized as a result of continued employment, and we estimate that to us it means in excess of $160,000 annually.

The city of Helper, a town of 3,200 persons is nearly dependent on mine payrolls and payrolls of the power company plus workers employed on the railroad. The city of Price is the shopping center of the county, has a population of over 7,000 and is clearly dependent on the payrolls and the economic well-being of the people of the area.

The new employees brought into the area have constructed homes and have become a permanent part of our society. We have found them to be a welcome addition. I mention these points to illustrate that we are not talking about problematicals—all of this has taken place and it is part of the record of our area and is a living testimony in the lives of our people.

We feel that our Federal Government should not enter into any activity that will penalize any persons from following the pursuit of happiness in their employment; we do not think it is fair for our Federal Government to compete with us in our economy with our own money and in effect destroy ourselves.

We do feel that there are many other pure reclamation projects that deserve consideration in the West long before the Burns Creek project.

We do feel that in the growing West that private enterprise should be given the opportunity to meet the challenge of expanding facilities before any other course is considered or acted upon.

We know of the present plans of the Utah Power & Light Co. to build steam-electric plants in the Kemmerer wholesale area. We wish we could have the added investment in our county, but we know the Kemmerer area needs this improvement.

It is a depressed area just as we are, and our experience as related to you is an outstanding example of what can happen in Kemmerer and will happen in Kemmerer if private enterprise is permitted to proceed with their plans and programs in an orderly fashion. Investments of private utilities do not cost—they pay—they pay in terms of payrolls, taxes, and production of our natural resources. And they pay in terms of people. We sincerely urge that you do not approve the Burns Creek project.

Mr. ROGERS. Mr. McGinley?

Mr. MCGINLEY. Mr. Welsh, the basis of your opposition to the project is your fear of its impact on the coal industry which is pertinent to your area; is that right?

Mr. WELSH. That is right.

Mr. ROGERS. You may proceed, Mr. O'Connor.

STATEMENT OF WILLIAM J. O'CONNOR, DIRECTOR, UTAH-WYOMING COAL OPERATORS ASSOCIATION, AND THE NATIONAL COAL ASSOCIATION

Mr. O'CONNOR. Mr. Chairman and members of the committee, I am William J. O'Connor, a director of the Utah-Wyoming Coal Operators Association and a director of the National Coal Association, a member of its executive committee, and I am also president of the Independent Coal & Coke Co., with substantial coal-mining operations in the area affected by this legislation.

This statement is made on behalf of the Utah-Wyoming Coal Operators Association, which association consists of seven commercial coal mine operators in the State of Utah and two commercial coal mine operators in the State of Wyoming, each engaged in the commercial operation of mining coal, and the National Coal Association.

The coal mined by our association is distributed in the States of Idaho, Montana, Nebraska, Nevada, Oregon, Utah, Washington, and Wyoming. They are employed in the mining of coal by the members of our association between approximately 1,500 men, which prevails at the present time, and 2,500 at peak seasons.

In the year 1957 there was transported by rail approximately 3,630,000 tons of coal mined by the members of our association; in 1958, 28 percent less coal, or approximately 2,622,000 tons of coal, was mined and transported by rail. The hauling of coal is an important railroad transportation business in the States of Idaho, Wyoming, and Utah and other States in which the coal is used. It produces revenue for the transportation industry approximating $13 million to $15 million annually.

The supplies we purchase from the market areas served by our member companies and used in mining operations will approximate $4 to $5 million per year.

The coal industry in the area served by our companies pays very substantial taxes to the Federal, county, and State governments.

One of the most important uses of coal in our local area is for the production of electric power by steam generation. As far as electric power is concerned, that is the only possible place where the coal companies have a chance to get any further business. We have to compete with hydropower all the time, whether public or private, but

we know every 5 or 7 years these electric companies have to double their capacities; we know the price of gas and oil are going up steadily and while coal has been selling at the same price today as it did 10 years ago, we feel sure in the future we are going to have some market for coal, if we can live long enough.

We have observed the construction of reclamation projects in the West, such as the Colorado River storage project, which include the generation of electricity by the use of waterpower. The Colorado project has for its objective the development of the water resources of the States involved and incidentally the generation of electric energy. Projects of this kind, which have for their principal purpose the development of water resources, have not been objected to by our association.

The reason for our position with respect to such projects is that the development of our water resources results directly in an increase in the population and business activity, thereby giving us a larger market for our project.

The Utah-Wyoming Coal Operators Association and the National Coal Association believe that projects principally for power, such as the Burns Creek project, should not be authorized.

The Burns Creek project does not have as its principal objective the development of water resources. According to the Bureau of Reclamation less than 2 percent of its cost is for irrigation and 98 percent is for electric power. The plan proposes the construction of a 90,000-kilowatt hydroelectric plant.

One-half billion kilowatt-hours annually would be produced by that plant. The output of such a plant will be equivalent to 200,000 to 250,000 tons of coal per year. The Burns Creek project is designed largely for the development of electric power and not for the development of water resources. It will not increase acreage under cultivation and, therefore, differs in a substantial way from true reclamation projects.

A good part of the economy of the Utah-Idaho-Wyoming area is based upon the mining and distribution of coal. If there is a need for 90,000 kilowatts of additional electric power in the area of the Burns Creek plant, that power should be developed by the use of coal, and thereby add to the economy of the area.

One-half billion kilowatt-hours of electric energy is the equivalent of approximately 20,000 man-shifts working in the mines, which would bring to the people of our area engaged in mining more than one-half million dollars annually in wages.

The coal industry is now plagued with part-time employment in summertime due to the seasonal use of coal. We have already felt the detrimental effect of hydropower plant construction in Idaho—including the Palisades project—where hydropower has been sold at dump rates to undercut the price of coal-generated electric energy with the resultant curtailment of mine operation, loss of wages, and general impairment of the economy of the already hard-pressed coal industry of our area.

I would like to point out that only 3 percent of our Nation's coal production comes from mines west of the Mississippi River. Commercial coal mining has been extremely hard hit in the States of Wyoming, Montana, and Washington, and in Utah is being subjected to

some very drastic competition. The only possible increasing market for coal from these States is for the production of electric power.

Independent Coal & Coke Co., which I head, mines a million tons of coal a year and is the largest commercial coal producer west of the Mississippi River. Without the volume which our present coal sales to electric utilities gives us we would not be able to operate our mines.

The use of coal by such industries as the electric power industry results in all-year-around production of coal. Coal can be mined the year around and used the year around for the production of electricity, thereby providing employment for coal miners throughout the season when normally they would be working only 2 or 3 days a week, as they are doing at the present time.

We sincerely hope that nothing will be done to reduce the coal market in our area. We urge that everything possible be done to increase coal use and aid a distressed industry and the workingmen and their families it supports.

The coal producers presented testimony before the Senate committee showing that Burns Creek would be very detrimental to the coal industry. The proponents of the bill evidently were convinced that Burns Creek would be detrimental to our industry, because they attempted to remedy the situation by inserting an amendment in the bill specifically for the purpose of making the bill palatable to the coal interests.

Such amendment provides that the—

> installation of power generating facilities shall be scheduled by the Secretary on the basis of providing for the additional power requirements of those entitled to preference in the purchase thereof under the Federal reclamation laws.

The only effect of this amendment would be to postpone by 2 or 3 years, the blow that would fall on the coal industry as a result of constructing Burns Creek. Regardless of any amendments made to the bill, the fact still remains that if 90,000 kilowatts of hydropower are installed at Burns Creek it would have the following harmful and serious effects:

1. Ninety thousand kilowatts less steam-electric power will be developed.
2. One-half billion kilowatt-hours less of steam electric energy will be generated annually.
3. Twenty thousand less man-shifts of coal mine labor will be employed each year.
4. One-half million dollars less in coal mining wages would be available annually in the area.

For these reasons, the Utah-Wyoming Coal Operators Association and the National Coal Association respectfully urge you not to authorize this unsound and harmful project.

That is all I have to say and I will be glad to answer any questions.

Mr. ROGERS. Thank you.

As I understand it, the opposition of the three groups you represent has to do with the economics involved in this situation as far as coal is concerned.

Mr. O'CONNOR. That is right.

Mr. ROGERS. The Chair recognizes the gentlewoman from Idaho.

Mrs. PFOST. I was intrigued with the statement Mr. O'Connor just made for I did not realize coal had not raised in price in the last 10 years.

Mr. O'CONNOR. I am talking about the price of coal at the mine.

Mrs. PFOST. It is not higher, though today you are surely having to pay a higher wage scale in the mines.

Mr. O'CONNOR. One of the reasons, Mrs. Congresswoman, is that there is considerable more strip coal and strip coal can be mined for probably 50 percent of the cost of underground coal.

Mrs. PFOST. In other words, your price wholesale at the mine is the same price as 10 years ago.

Mr. O'CONNOR. Slightly higher on domestic coal and, of course, when you buy coal in Idaho which is one of our big markets, we have a freight of $5 or $6 or $7 a ton besides and you have the handling cost on top of that. The figure of $5 is Bureau of Mines figure, and national coal quotes it.

Mrs. PFOST. We still use coal in our home in Idaho.

Mr. O'CONNOR. You pay $14 or $15 for it.

Mrs. PFOST. The price of our coal has gone up considerably in the last 10 years, so I was quite surprised at your statement.

Mr. O'CONNOR. The freight has gone up.

Mrs. PFOST. I agree.

Mr. O'CONNOR. We mechanized, of course, and where we used to get 5 tons per man we now get 12 tons per man. While wages have raised $9 in 10 years, we have managed by putting money into equipment to just about keep up with the raise in wages. We made 23 cents on 800,000 tons of coal last year.

Mrs. PFOST. That is all.

Mr. ROGERS. You made one statement, and I want to keep the record straight for those people who are not familiar with this matter.

Your statement involved around the proposition that you had only 3 percent of the Nation's coal at the present time. What you mean is that you are producing only 3 percent. You have got enough coal out there we could burn it forever and never make a dent in it.

Mr. O'CONNOR. I am sorry that was misleading.

Mr. ROGERS. I wanted to get the record straight.

Mr. O'CONNOR. I meant producing only 3 percent. We have in the State of Utah at least 40 billion tons of coal and coal is a basic energy and it is the stable energy we have to use when we cannot get oil and we cannot get gas.

As I pointed out the price of gas is rising so fast eventually we expect coal to be used.

Mrs. PFOST. Will the gentleman yield?

Mr. ROGERS. Yes.

Mrs. PFOST. Can you not talk the Utah Power & Light Co. into using your coal instead of burning gas and other fuels for power generation?

Mr. O'CONNOR. We fight with them up in the State commission. We try to get the price of dump gas raised. Of course, they do not want to raise it and we do so, we are competitors.

Mr. ROGERS. Mr. Chenoweth?

Mr. CHENOWETH. Mr. Sorenson, I would like to inquire about your association with the Utah Power & Light Co. for the construction of the coal plant at Kemmerer. What is the present status?

Mr. SORENSON. The storage dam for their water is now under construction and they have agreed with us, we have our coal contract with

them, 35-year period of time, start coal deliveries to their plant in 1963.

Mr. CHENOWETH. Is the dam for production of hydroelectric power?

Mr. SORENSON. No, sir; the storage of water for the steamplant, a 42,000 acre-foot lake out there.

Mr. CHENOWETH. You do not have the water for the steamplant now?

Mr. SORENSON. They have to impound the floodwaters of that stream in order to have sufficient water.

Mr. CHENOWETH. That is being built now, you say.

Mr. SORENSON. Yes, sir.

Mr. CHENOWETH. What is the situation relative to the coal plant? Are you building the coal plant now?

Mr. SORENSON. We have the coal plant already in existence.

Mr. CHENOWETH. You are building a steamplant?

Mr. SORENSON. They are not building the steamplant yet. They have equipment on order for delivery in about 1962. So I have been informed.

Mr. CHENOWETH. You will furnish all the coal?

Mr. SORENSON. Yes, sir.

Mr. CHENOWETH. What will be the cost of that power?

Mr. SORENSON. I cannot answer that. I am not with the power company, I am with the coal company.

Mr. CHENOWETH. Utah Power & Light Co., I believe, stated they could produce the energy cheaper from this steamplant than from hydroelectric power; is that right?

Mr. SORENSON. I do not think they have it built in subsidies that they can compete with the price on Federal hydropower.

Mr. CHENOWETH. They want to produce power as cheaply as they can, I am sure.

Mr. SORENSON. Certainly.

Mr. CHENOWETH. So, they decided they could do it as cheaply from the coal plant as from a hydroelectric plant?

Mr. SORENSON. I would assume that.

Mr. CHENOWETH. The steamplant is not under construction yet?

Mr. SORENSON. The equipment is ordered. It would not come on the line until 1963.

Mr. CHENOWETH. The dam is now being constructed?

Mr. SORENSON. The dam is under construction.

Mr. CHENOWETH. When will that be completed?

Mr. SORENSON. I understand it will be completed in the fall of 1961.

Mr. CHENOWETH. Fall of 1961?

Mr. SORENSON. Or spring of 1961.

Mr. CHENOWETH. When do they expect to have the steamplant in operation?

Mr. SORENSON. Fall of 1963.

Mr. CHENOWETH. Fall of 1963?

Mr. SORENSON. That is right.

Mr. CHENOWETH. What will be the capacity of the first unit?

Mr. SORENSON. The first unit 150,00 kilowatts. The plan is to install another 150,000 kilowatt unit alongside. And we will furnish the coal for the two units.

Mr. CHENOWETH. Your company would furnish all of this coal?

Mr. SORENSON. Yes, sir.

Mr. CHENOWETH. Just the one company?

Mr. SORENSON. Yes, sir.

Mr. CHENOWETH. How many coal miners are working in that area now?

Mr. SORENSON. We have about 200.

Mr. CHENOWETH. What is your market for the coal now?

Mr. SORENSON. We market coal in the 13 States west of the Missouri River. Wherever the Union Pacific Railroad Co. runs we market our coal.

Mr. CHENOWETH. You have a domestic market?

Mr. SORENSON. Yes, sir; the small business we have left.

Mr. CHENOWETH. How about industrial market?

Mr. SORENSON. We have no industrial market to speak of at all in the West.

Mr. CHENOWETH. I think that is all.

Mr. ROGERS. Mr. Ullman?

Mr. ULLMAN. I would like to ask, Mr. O'Connor, your statement seems to be generally an argument against hydro. Would you say that is generally correct, you take a position against the development of hydro.

Mr. O'CONNOR. I did not intend to take a position against hydro. I said he had to compete with hydropower whether it is public or private. That is my statement was not it.

Mr. ULLMAN. Do you generally take the position against hydro development in your area?

Mr. O'CONNOR. We have never been against any reclamation development that will increase the population in the area. We sell a great deal of coal. In fact, our chief source of domestic market is the small operators and small people in the farming towns. So we are in favor of reclamation. But we realize we have to compete with hydropower whether it is public or private.

Mr. ULLMAN. I see the tendency generally among the coal organizations and coal producers to oppose particularly the multiple-purpose hydroelectric projects we are building in the West. I rather deplore this tendency because I feel very much for the coal industry and also support everything that comes up to help the coal industry. At the same time, we in our part of the country happen to have a mighty river and a great potential of hydro and we feel our resource is just as important in our area as your resource is in your area.

Mr. O'CONNOR. Well, Congressman, we recognize progress, and hydropower is progress and reclamation is progress, and natural gas is progress, and we have to compete with them.

Mr. ULLMAN. I am glad to have that on the record.

Thank you.

Mr. ROGERS. Mr. McGinley?

Mr. MCGINLEY. No questions.

Mr. ROGERS. Mr. Aspinall do you have any questions?

Mr. ASPINALL. No questions.

Mr. ROGERS. Mr. Welsh, one question.

Where do you get your electric power for price?

Mr. WELSH. We buy it wholesale from the Utah Power & Light Co.

Mr. ROGERS. Do you own your own system?

Mr. WELSH. We own our own distribution system in the city, yes.
Mr. ROGERS. Thank you very much.
Mr. O'CONNOR. Thank you.
Mr. WELSH. Thank you.
Mr. SORENSON. Thank you.
(Discussion off the record.)
Mr. ROGERS. Mr. Biggs and Mr. Pearson?
Mr. BIGGS. I think we can both enter our statements quickly, Mr. Chairman.
Mr. ROGERS. That is the position of the United Mine Workers and the position of the International Brotherhood of Electrical Workers, local union 57. You represent the Mine Workers, Mr. Biggs, and you, Mr. Pearson, the Electrical Workers, is that correct?
Mr. BIGGS. Yes.
Mr. PEARSON. Yes.
Mr. ROGERS. You may proceed, Mr. Biggs.

STATEMENT OF ARTHUR BIGGS, SECRETARY-TREASURER, DISTRICT 22, UNITED MINE WORKERS OF AMERICA

Mr. BIGGS. My name is Arthur Biggs. I am secretary-treasurer of District 22 of the United Mine Workers of America in Utah and Wyoming. I represent 2,632 coal miners—all we have left of the almost 7,000 miners we had 10 years ago. In behalf of these miners, I appear to oppose the Burns Creek project being considered by your committee.

The Burns Creek hydroelectric project as proposed will include a 90,000-kilowatt hydroelectric plant which will generate an estimated 50 million kilowatt-hours per year. If these 50 million kilowatt-hours were supplied by a steam electric plant burning coal it would consume about 250,000 tons of coal per year. To mine this amount of coal would require about 20,000 man-shifts of coal-miner labor. It would bring to our area about one-half million dollars in annual miners' wages.

The coal miners are in desperate need of this additional coal-mining business. In recent years, the coal miners have experienced a sharp curtailment in work which has created considerable unemployment resulting in many hardship cases and causing much suffering and misery. This has had a terrific impact upon our economy in the coal-mining communities in both States. Some of our towns have already become ghost towns and we should not allow the other communities to disintegrate into social and economic stagnation.

The Utah Power & Light Co. has under construction a 150,000-kilowatt steam electric plant near Kemmerer in western Wyoming. This plant, which will burn coal exclusively, has already been postponed 2 years because of surplus hydroelectric power being available in the area. We have protested the construction of the Burns Creek project because it is a further threat to the Kemmerer plant and our coal-mining livelihood.

The Senate committee recognized this threat and attempted to correct it by adding an amendment to Senate bill 281 providing that the Burns Creek generating units would not be installed until the preferred customers needed the power.

The amendment, however, completely fails to protect our interests by merely delaying some of the Burns Creek units. This amendment ignores the fact that if the Government did not assume the continuing responsibility to supply these preferred customers electric power requirements by building hydroelectric plants, these same preferred customers would be obliged to buy their additional requirements from the power companies rather than from the Government.

The use of cheap natural gas and oil in the homes and industry and the use of the diesel engines by the railroad has already seriously affected the coal miner. Please do not further hurt us by giving us further competition by building the Burns Creek hydroelectric plant, which I am told would not put any new land under cultivation. We coal miners are not against Government irrigation projects, but I am informed Burns Creek is not for irrigation but almost exclusively a power project.

Coal is a vital commodity in time of emergency. If projects such as Burns Creek are allowed to reduce our employment and drive the coal miners into another employment during normal times, who is going to mine the coal during times of emergency?

Our employment is mostly seasonal. We have peak employment in the winter and fall. Our minimum employment is in the summertime.

Mining coal for the production of electricity is a fairly constant year-round operation, and therefore, very beneficial to the coal miners.

We are not asking you to spend Government money to aid the coal miners in district 22. All we are asking you is that you do not authorize a $48 million Government hydroelectric plant which would dilute the coal consumption by 250,00 tons per year in our area and do away with 20,000 man-shifts per year of potential work for our coal miners.

The mine workers do not think we should have to have tax deductions from our paychecks each period to help pay for a hydroelectric powerplant which will directly compete with us.

This is very unfair, because I understand that the Burns Creek electricity would be sold to only a very few preferred customers who are very much better off financially than we are.

We earnestly ask you, therefore, to vote against this Burns Creek project.

In conclusion, I wish to thank the members of this committee, in behalf of the United Mine Workers of America, for the privilege of appearing before its honorable body.

Mr. ROGERS. Thank you, Mr. Biggs.

You may proceed, Mr. Pearson.

STATEMENT OF V. G. PEARSON, BUSINESS MANAGER, LOCAL UNION 57, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

Mr. PEARSON. Mr. Chairman and members of the committee, my name is V. G. Pearson. My address is 1743 West North Temple Street, Salt Lake City, Utah.

I am business manager of local union 57, International Brotherhood of Electrical Workers and represent 1,800 taxpaying union members in Utah, Idaho, and Colorado.

I am generally familiar with the economics of the Burns Creek project, which have been covered by others. I know of my own knowledge that there is no shortage of power in the area where Burns Creek power would be used.

I appear before this honorable subcommittee in opposition to S. 281 known as the Burns Creek bill. There are many reasons for this opposition. However, because of the limited time and the fact that others will discuss some of the other reasons, I will state only two:

We are opposed to the construction of the projects by the Federal Government, which have as their virtually exclusive purpose the production of electrical energy for distribution to preference customers as aside from those which are multiple purpose in intent and which develop new water or reclaim land.

We are opposed to this project for another reason.

The addition of 90,000 kilowatts of hydropower in our territory will curtail the production of power in coal burning plants in which we have members. This will result in a loss to us of their jobs and curtailment of work opportunities for others of our membership. If the Federal Government did not assume the responsibility of supplying these preference customers, they would buy their power requirements from the private companies. The additional power purchased from Utah Power & Light Co. by these preference customers would provide more work for our members and the coal miners.

A number of local unions in the West have filed statements with the chairman against this project, and they have authorized me as their spokesman to request that each of these statements be included in the record.

We are sincerely convinced that Burns Creek is purely a power project for the benefit of a few preference customers. We are firmly against the Federal Government becoming an electric utility. We subscribe to the other arguments against this project and urge your committee to reject this legislation.

Thank you.

Mr. ROGERS. Thank you, Mr. Pearson.

Thank you both for your cooperation.

(Statements submitted by Mr. Pearson follow:)

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
Medford, Oreg., February 9, 1960.

Representative WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives Office Building, Washington, D.C.

DEAR CONGRESSMAN: As a taxpayer and the representative of some 1,600 additional taxpaying union members, I write you with reference to the Burns Creek project which I understand comes before your committee for discussion on Monday, February 15, 1960.

It is my understanding that this project, located in southeastern Idaho, is primarily for the development of hydroelectrical energy with no significant consideration being given to irrigation or land reclamation in connection therewith, and that the developed electrical energy would be used to meet load growth of preference customers. It is my further understanding that the estimated net annual income from this project would fall short of meeting the annual interest on the investment.

On the basis of the above circumstances, I contend this project should then be abandoned in favor of more worthy projects which would not only provide needed electrical energy but through realistic multipurpose intent serve our irrigation and land reclamation needs as well. Returns on such investments

must not be overlooked from the standpoint of kilowatts, water use, increased land values or repayment of principle and interest thereon.

I respectfully request that you and your committee give due consideration to the above factors before acting on the Burns Creek project. I am opposed to the Burns Creek project S. 281.

Very truly yours,

LOCAL UNION NO. 659, IBEW,
CHARLES W. CRARY,
Business Manager.

FEBRUARY 11, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
Washington, D.C.

Congressman JOHN P. SAYLOR,
Washington, D.C.:

This local union, composed of more than 3,000 members in Oregon and Washington, is opposed to S. 281 to construct the Burns Creek project.

It appears to be an uneconomic project and the required expenditure could be used to better advantage in other places.

W. L. VINSON,
Business Manager, Local 125, International Brotherhood of Electrical Workers.

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
LOCAL UNION NO. 47,
South San Gabriel, Calif., February 9, 1960.

Hon. WALTER ROGERS,
Chairman of House Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR SIR: I wish to register my protest to your committee against the construction of the Burns Creek project on the Snake River.

I have had an opportunity to study the proposal and it is quite clear that it is an uneconomical power project. The approximate $50 million cost of Burns Creek could be used much more advantageously on a real reclamation project. Since Burns Creek adds no additional firm water for irrigation and does nothing for river reregulation, it should be rejected.

As the business manager of a local union representing employees in an investor-owned utility, I am opposed to projects whose real purpose is to develop hydroelectric power when adequate service is already available. This project is not only uneconomical but a threat to the rights of the workers in the private utility industry. The jobs of the employees of the private utilities are constantly being endangered by the intrusion of the Government into the electric power industry. This deprives our members of the right of collective bargaining, a signed contract, grievance procedures, pensions, and other benefits that they have won over many years of bargaining. We feel that the general public and also the workers in the industry are being hurt with the construction of each new and unwarranted Federal power project.

I sincerely hope that you will do what you can to stop the authorization of a project that will not do a job of reclamation and is not needed for power development.

Sincerely yours,

A. J. COUGHLIN, *Business Manager.*

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL–CIO,
LOCAL UNION 1245,
Oakland, Calif., February 10, 1960.

Hon. WALTER ROGERS,
Chairman, House Subcommittee on Irrigation and Reclamation, House Office Building, Washington, D.C.

DEAR CONGRESSMAN ROGERS: Please be advised that our organization, Local 1245 of the International Brotherhood of Electrical Workers, AFL–CIO, which represents some 15,000 utility workers and taxpayers in California and Nevada, wishes to go on record in opposition to the proposed Burns Creek project (S. 281).

Our study of the proposed Burns Creek project brings us to the conclusion that the project is both unnecessary and a serious deviation from the principle that water is and should be the prime purpose of such projects rather than power development.

After considering the proposed project, which would cost nearly 50 million of taxpayers' dollars, and weighing the minor aspects of irrigation development against an estimated 98 percent cost allocation to power development for a few preference customers where no power shortage exists, we come to the obvious conclusion that Burns Creek is an improper undertaking by the Federal Government.

Therefore, we respectfully urge that the Burns Creek project (S. 281) not be approved by the Congress.

Respectfully,

RONALD T. WEAKLEY, *Business Manager.*

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL–CIO,
LOCAL UNION 768,
February 10, 1960.

Mr. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation, House Office Building, Washington, D.C.

DEAR SIR: I would like to register a strong protest in behalf of Local 768, IBEW, concerning the proposed Burns Creek project (S. 281). We feel this project is primarily a power project to supply power to a few preferred customers in an area where no power shortage exists. We feel, also, that it is uneconomical and a very unnecessary project. The money saved by not building this project could be used to better advantage somewhere else.

We have checked the payout studies on this project and from this study the Burns Creek project appears to be unnecessary and extravagant, consequently, it will hurt the taxpayers of the region and of the Nation.

We hope and feel that an unfavorable "thumbs-down" report will come from this committee on this uneconomical project.

Thanking you.

Sincerely yours,

ARTHUR BARIL, *Business Manager.*

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
LOCAL UNION NO. 111,
Denver, Colo., February 9, 1960.

Hon. WALTER ROGERS,
House of Representatives, Washington, D.C.

SIR: Local Union 111 of the International Brotherhood of Electrical Workers joins with many other local unions of the IBEW in the West in opposing the Burns Creek project (S. 281).

After going over the report of the hearings before the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs, U.S. Senate, 86th Congress, 1st session, on S. 281, we believe this report and other data received by us concerning the Burns Creek project, proves conclusively that the almost $49 million Burns Creek project is purely a power project, over 98 percent being allocated for the purpose. It is an uneconomical project which by itself will not even be capable of paying the interest charged on the investment allocated to power. By saddling it on the Palisades project it postpones the payout of Palisades from 33 to 59 years, an extension of 26 years. As a result of saddling Burns Creek on Palisades, surplus revenues amounting to $30 million that would otherwise have accumulated as a result of Palisades operations during the extended payout period will be foregone.

Since all the facts are substantiated in the report of the hearings before the subcommittee, we urge you to oppose S. 281.

Very truly yours,

J. RANDOLPH AEMMER,
Business Manager, Local Union 111, IBEW.

Mr. ROGERS. Are there any questions of the committee?

Mr. SAYLOR. Mr. Chairman, I have some questions.

Mr. ROGERS. Let me make some observations. We are about 10 minutes late right now. If we could go on with the fish and wildlife people, would you people be available here this afternoon?

Mr. BIGGS. Yes, we will be available.

Mr. ROGERS. You may proceed.

Mr. SAYLOR. First, I would like to compliment both of you men for coming here and making these statements and for representing the organization which you do in opposition to this.

The one thing that I would like to ask Mr. Pearson, because I am rather intrigued by his statement on page 2, I gather it is your contention, if this plant is built, certain of your members will lose jobs because of the construction of this plant. Is that in theory or is that in fact?

Mr. PEARSON. Well, if past practice continues, I would say it would be fact because shortly after Palisades' coming on the line, the Utah Power & Light Co. had two unit steamplants in Oregon and Utah. They took the one unit completely off the line, the other unit went on a two-shift operation, more or less, on a standby basis, which resulted in the loss of 15 jobs in that plant.

So I would assume the same thing would happen in the less efficient plant on the system if Burns Creek came along with a lot of dump power.

Mr. SAYLOR. Mr. Pearson, does your union have members that work for these preference customers?

Mr. PEARSON. Yes, sir.

Mr. SAYLOR. Do you have a contract with those preference customers?

Mr. PEARSON. We have one contract with the city of Idaho Falls. We have members with Provo City, will not give us a contract, will not organize us. We have been requested by employees of other preference customers for organization. We have gone in and met with the city commissions and the mayors and they at that time said that they are not compelled by law to recognize labor organizations.

In fact, in one town they had the threat that if one man joined the union in his city he would fire him. That is the thing we face with preference customers.

Mr. SAYLOR. In other words, these preference customers do not look very kindly upon your union organization.

Mr. PEARSON. They do not. I might say I have a statement out of the Salt Lake Desert News dated January 12, 1960. It says:

> Attorney General Walter Budge was completing a formal opinion stating it is unlawful for political officials to negotiate on wage or working conditions with labor union leaders. The attorney general pointed out that the public agencies and public officials are excluded from laws providing for collective bargaining. It is impossible for them to negotiate with other public officials on hours or working conditions, because they must be governed by statute.

Mr. SAYLOR. I am glad to have this evidence and it is one more reason to me why preference customers laws should be done away with. I want to thank you gentlemen for being here and would say to the good representative of the United Mine Workers, Mr. Biggs, I certainly hope we keep all of the miners out there in your section working. I have heard the gentlewoman from Idaho say she is worried about

the lead and zinc miners in her area and I certainly hope she takes your statement to heart and worries about you.

Mr. BIGGS. Thank you.

Mr. ROGERS. If you will keep yourselves available, we will try to get back to you for more questions.

In view of the announcement made previously, the Chair will, at this time, have to recognize the fish and wildlife witnesses.

Mr. BIGGS. Thank you, Mr. Chairman.

Mr. PEARSON. Thank you, Mr. Chairman.

Mr. ROGERS. We also have Mr. Welles Gray, secretary of the Empire State Chamber of Commerce, Albany, N.Y.

In view of the time and situation, I am going to have to go into the fish and wildlife matter. We will try to get to you just as soon as we can, subsequent to their testimony. Will you be here this afternoon?

Mr. GRAY. I will be here this afternoon.

Mr. ROGERS. If you will come back at 1:30 then.

Mr. GRAY. I will be happy to do that.

Mr. ROGERS. Mr. Jackman; is he in the audience?

(No response.)

Mr. ROGERS. We will hear Mr. Gray at 1:30.

Mr. O.R. Baum is recognized. Let the Chair make this observation: That if the opposition witnesses who were not reached care to file statements, their statements will be included immediately following the testimony of Mr. Biggs and Mr. Pearson.

Mr. SAYLOR. Mr. Chairman, might I ask whether or not if there are any questions that any of the members of the committee have they might submit them to the witnesses to be answered within a reasonable time? By that I mean within the next week.

Mr. ROGERS. Without objection, that will be so ordered.

Does the gentleman desire to make it in the form of a unanimous-consent request?

Mr. SAYLOR. I would ask unanimous consent on these statements that have been filed. If any members have any questions they would like to ask of the witnesses, they submit them to the staff to be submitted to the witnesses.

Mr. ROGERS. Is there objection?

If not, it is so ordered.

STATEMENT OF O. R. BAUM, GRAYS LAKE COMMITTEE, POCATELLO, IDAHO

Mr. BAUM. My name is O. R. Baum and I maintain law offices at Pocatello, Idaho. I represent persons and associations, including the Grays Lake Committee, owning or leasing lands surrounding or adjacent to Grays Lake. I also represent the Eastern Idaho Grazing Association, Idaho Citizens' Grazing Association, and Grays Lake Committee. The lands so mentioned are also used as a base for livestock grazing in the Caribou National Forest, and, for that reason, owing to the fact that I feel that if S. 281 is passed in its present form, the rights of my clients may ultimately be affected. I appreciate this opportunity of stating my views as to the legal effect of such bill insofar as my clients are concerned.

Your time, I know, is well taken up; hence, I desire to make a short cogent statement, having heretofore lodged with Mr. McFarland for

filing, and, with your permission, having the same made a part of the record, 25 copies of an opinion, which opinion goes into detail, setting forth my views as to how S. 281 and related acts might be interpreted.

One of the provisions of S. 281 authorizes the Secretary of Interior to invoke the provisions of section 2 of the Fish and Wildlife Coordination Act. This section, taken along with the provisions of S. 281, places a mandatory duty upon the Secretary of Interior to confer with certain agencies as to the conservation and development of wildlife; hence, the bill could reasonably be construed to provide that the Burns Creek development and impoundment of waters of the Snake River could be beneficially used for conservation of fish and wildlife.

There is nothing in S. 281 limiting the powers of the Secretary of Interior in carrying out the provisions of the Coordination Act. It is true that there is a slight restriction as to the Secretary's powers as stated in the Coordination Act, but such restrictions are so limited, and the provisions of such act gives the Secretary broad powers that time, conditions, and the issuing of administrative orders, the act giving Secretary power to issue administrative orders, all such limited restrictions can at a later date be removed.

The act authorizing the Palisades project (Public Law 864) inhibits the development, operation, and maintenance of wildlife management areas, insofar as Grays Lake is concerned, until such action has been authorized by Congress.

S. 281 contains no such restrictions. Broad powers are conferred upon the Secretary of Interior by S. 281 and its related act. I feel that it may fairly be said that S. 281 could be considered, the bill or authority to which reference was made in the Palisades Project Act (Public Law 864). I am quite fearful that a certain segment of our people, as well as certain agencies, and the Fish and Game Commission of Idaho so considers the bill as I have heretofore stated. It is clear that S. 281 does not limit the development of fish and wildlife resources to the immediate area where the Burns Creek development is to take place. Also I believe that under the terms of S. 281 and the act referred to therein, along with Public Law 864 (Palisades Project Act), also taking into consideration that S. 281 will carry a later date that waters impounded, directly or indirectly, could be substituted, traded, exchanged or leased on an annual basis for waters that can, by further development, be impounded in Grays Lake. The lake last referred to and its outlets; namely, Clarks Cut and Willow Creek are tributaries of the Snake River.

The waters of Grays Lake and the Fort Hall project are controlled by a Federal agency as those words are used in the Coordination Act. Being that the Secretary of Interior, through one of his departments operates Grays Lake, and through the same department has purchased storage in Palisades, the limitations heretofore referred to in the various acts are not applicable and the department so referred to has a priority as referred to in S. 281 to the storage waters in Burns Creek Reservoir, hence also exists the right of exchange, substitution, and leasing, annual or otherwise, of stored water. I refer to the Fort Hall-Michaud (Indian) projects controlled by, being constructed by and operated by a Federal agency; namely, the Indian Service.

The reference to the Fish and Wildlife Coordination Act requires a careful review of that law and the following comments and the quotations furnish added support for the position taken.

The first section of the Fish and Wildlife Coordination Act cited as 16 U.S.C.A. section 661, declares the purpose of the act to be, "For the purpose of recognizing the vital contribution of our wildlife resources to the Nation, the increasing public interest and significance thereof due to expansion of our national economy and other factors, and to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water resource development programs * * *."

The second section of the Fish and Wildlife Coordination Act cited as 16 U.S.C.A. 662, contains several subsections, each of which are of importance here. Section (a) provides on substance that whenever waters are to be impounded, diverted, or controlled there shall be consultations with U.S. Fish and Wildlife personnel and with the heads of the State agency involved with a view to the conservation of wildlife resources by preventing loss of and damage to such resources as well as providing for the development and improvement thereof in connection with the water resource development.

Section (b) requires that reports and recommendations from State and Federal wildlife agencies shall be made an integral part of any report either to Congress or to any agency having the power to construct and the subsection further provides that the project plan of any project shall include such justifiable means and measures for wildlife purposes as the reporting agency finds shall be adopted to obtain the maximum overall project benefits.

The Palisades Act is cited to show the intention as to Grays Lake and I believe that the bill for the authorization embodies this same intention. The Palisades Act was passed at a time the use of the Hunting Stamp Tax for acquisition of properties also required the approval of the Migratory Bird Conservatiton Commission which was composed in part of Members of Congress. However, the project can be obtained or acquired without the need for a return to Congress for such approval. The 1958 amendment to the Hunting Stamp Tax did away with the necessity of securing the approval of the Migratory Conservation Commission as to the acquisition of property.

That only goes to acquisition of property and not to the operation.

Funds are available from the Hunting Stamp Tax for the Grays Lake project and reference is made to 16 U.S.C.A., section 718d(b) where it provides that these funds can be used for the location, ascertainment, and acquisition of suitable areas for migratory bird refuge and for administrative costs incurred in the acquisition of such areas.

It is, of course, not possible to state in advance that a Secretary in the future may or may not do or what he intends to do in connection with the Grays Lake project. Suffice it to say, that he has, as I read the act, sufficient power and authority under the acts heretofore cited to proceed with it should he so desire.

If the various acts could be construed as I have indicated, then the Secretary, by administrative order, could order and direct an exchange of waters or annual or permanent leasing of waters and, in effect, create fish and wildlife development conservation areas in Grays Lake. Persons residing in Idaho, upon the happening of such an event, would

have no adequate remedy or relief. It is a recognized fact that such an administrative determination could not be litigated in Idaho and that the Secretary himself, upon the happening of such event, is an indespensable party and any persons in Idaho sustaining property losses by reason of such act, would be required to institute the suit in Washington, employ Washington counsel, and bring their witnesses, at a heavy expense, to the District of Columbia which, in effect, in many instances, denied the right of litigants to fully and adequately litigate their rights.

I therefore have suggested to the persons and associations I represent that an amendment to S. 281 should be prepared and tendered for consideration by you and the other members of your committee. I have prepared such an amendment a copy of which is attached to this statement, and likewise a copy of such amendment is attached to my complete detailed opinion, 25 copies of which have been handed to your Mr. McFarland.

I will read the amendment:

Amend section 3(b) of Senate bill No. 281, by amending the same as follows: In paragraph (b) of section 3, immediately after the words "conservation and development of fish and wildlife," add the following: "*Providing, however,* That the conservation and development of fish and wildlife in connection with Burns Creek project shall be limited to the area of the reservoir and contiguous and adjacent lands."

This insertion would be right ahead of "An appropriate portion of the cost * * *."

We submit that the amendment we suggest should be made to the bill and in view of the present interpretation or position of the Secretary of the Interior, such amendment should meet with no objection.

I therefore ask that this statement and my opinion supported by the proposed amendment be made a part of the record.

I desire again not only to express my individual appreciation but also to express the appreciation of the parties whom I represent. I thank not only you, Mr. Rogers, but the gracious gentlelady from Idaho, and each member of the committee for the opportunity to present my views in the matter in issue.

I have with me, members of the committee, the opinion I referred to which I will be glad to hand to your clerk.

Mr. ROGERS. Without objection, the opinion will be made a part of the record at this point.

(Opinion referred to follows:)

LAW OFFICES,
O. R. BAUM AND BEN PETERSON,
Pocatello, Idaho, February 11, 1960.

Mr. WALTER ROGERS,
Chairman, House Irrigation and Reclamation Subcommittee,
Washington, D.C.

DEAR SIR: We respectfully submit herewith our views concerning what we believe to be the ultimate legal effect of bill S. 281 introduced by Mr. Dworshak (for himself and Mr. Church) of Idaho.

In this matter we represent landowners owning lands surrounding Grays Lake in Idaho and, also, persons having grazing privileges around Grays Lake, which lands serve as the base for livestock privileges in the Caribou National Forest, and, for this reason we feel justified in opposing the passage of bill No. 281 in its present form, feeling that the property rights of the persons represented by us may ultimately be adversely affected by the provisions of said bill.

Section 3B of Senate bill 281 provides, among other things:

"The Secretary may make such reasonable provision in connection with the Burns Creek development if, upon further study in accordance with section 2 of the Fish and Wildlife Coordination Act, he finds to be required for the conservation and development of fish and wildlife. An appropriate portion of the cost of the development shall be allocated as provided in said act and it, together with the portion of the construction cost allocated to recreation and the operation and maintenance costs allocated to these functions, shall be nonreimbursable and nonreturnable under the reclamation laws.

The foregoing paragraph of bill 281 authorizes the Secretary to invoke, in connection with the Burns Creek project, the Fish and Wildlife Coordination Act. Section 2 of the act provides:

"Whenever the waters of any stream or other body of water are proposed or authorized to be impounded, diverted, the channel deepened, or the stream or other body of water otherwise controlled or modified for any purpose whatever, including navigation and drainage, by any department or agency of the United States, or by any public or private agency under said permit or license, such department or agency first shall consult with the United States Fish and Wildlife Service, Department of Interior, and with the head of the agency exercising administration over the wildlife resources of the particular State wherein the impoundment, diversion, or other control facility is to be constructed, with a view to the conservation of wildlife resources by preventing loss of and damage to such resources as well as providing for the development and improvement thereof in connection with such water resource development."

Section 2A of said Coordination Act thus requires that the agency responsible for the impounding of any waters shall be under statutory obligation to consult with the U.S. Fish and Wildlife Service, such consultation, by the provisions of said bill, to be for the purpose of determining whether such impounding of waters can be used to further the purposes set forth in the Coordination Act (the development of fish and wildlife resources). Should, therefore, the consultation required by the Coordination Act and vitalized by bill 281, indicate that the purposes of the Coordination Act can be promoted, a study of such fact is required by statute.

The Secretary of Interior may, if he finds that Grays Lake is an ideal location for use in the conservation and development of fish and wildlife, proceed to accomplish the purposes set forth in said Coordination Act. Nothing in Senate bill 281 limits the powers of the Secretary to carry out the purposes of the Coordination Act directly in connection with the Burns Creek impoundment. The bill could reasonably be construed to provide that the Burns Creek development and impoundment could beneficially be used for development and conservation of fish and wildlife.

It might be said that section B is inconsistent or at variance with section 2 of said act wherein it is provided that the waters impounded in the Burns Creek site are available to organizations who have heretofore contracted for waters in the Palisades project. Should, however, the waters not be claimed by persons who have priority growing out of their rights in Palisades project within the time provided for in said bill, then such waters, by the terms of said bill, are available for use in accordance with the existing Federal reclamation laws. Senate bill No. 281 being a reclamation law and also recognizing the value of development of fish and wildlife resources, would be considered a Federal reclamation law authorizing and directing the use to which such unclaimed waters could be put.

The act authorizing the Palisades project provides:

"That the Secretary shall reserve not to exceed 55,000 acre-feet of active capacity in Palisades Reservoir for a period ending December 31, 1952, for replacement of Grays Lake storage, but no facilities in connection with the proposed wildlife management area at Grays Lake shall be built and no allocation of construction costs of the Palisades Dam and Reservoir by reason of providing replacement storage to that area shall be made until the development and operation and maintenance of the wildlife management area has been authorized by act of Congress."

It is true that Public Law 864 did not authorize fish and wildlife development of Grays Lake out of the Palisades project but prohibited the same until further act of Congress. We feel that it may fairly be said that section 3 of Senate bill 281 could be considered the bill to which reference was made in Public Law 864. It is clear that Senate bill 281 does not limit the development of fish and wildlife resources to the immediate area where the Burns Creek develop-

ment is to take place. It is a fundamental principle in reclamation law that waters may be exchanged. Also, a custom has grown up for the exchange of water from one reservoir to another and normal flow for storage water, etc. It, therefore, we think, follows that should a determination be made as provided for in the Coordination Act, that additional fish and wildlife areas are needed in the upper reaches of the Snake River, that waters impounded in the Burns Creek project could be substituted, by exchange or leasing, for waters that could very readily be impounded in Grays Lake. If water users who now receive waters from Grays Lake were furnished water from the Burns Creek project (no matter how great the loss of water might be) and if they receive their full rights, they could not be heard to complain.

Should Senate bill 281 be amended to provide that the waters not claimed by priority could be used for development of fish and wildlife projects on or near the impounded waters, the problem heretofore presented would not exist. Under the present wording of the bill in connection with the Coordination Act, it seems that the same could be construed to bring about the condition set forth in this paragraph.

We take it that there is no question but what Grays Lake and the Fort Hall project come within the purview of the various bills referred to herein, furnishing waters for an agency of the United States of America.

We, therefore, suggest that section 3B be amended in accordance with the suggested amendment attached thereto.

Irrespective of the present opinion of the Secretary's office concerning the authority granted to it by the subject legislation, such opinion would not be necessarily binding upon future administrations and if the act could be construed as we have indicated, the then Secretary, by administrative order, could order and direct an exchange of waters or permanent leasing of waters and, in effect, create fish and wildlife development conservation areas in Grays Lake. Persons residing in Idaho, upon the happening of such an event, would have no adequate remedy or relief. It is a recognized fact that such an administrative determination could not be litigated in Idaho and that the Secretary himself, upon the happening of such event, is an indispensable party and any persons in Idaho sustaining property losses by reason of such act, would be required to institute the suit in Washington, employ Washington counsel, and bring their witnesses, at a heavy expense, to the District of Columbia which, in effect, in many instances, denies the right of litigants to fully and adequately litigate their rights.

We submit that the amendment we suggest should be made to the bill and in view of the present interpretations of the Secretary of Interior, such amendment should meet with no objection.

Very truly yours,

O. R. BAUM.

Amend section 3(b) of Senate bill No. 281, by amending the same as follows:

In paragraph (b) of section 3, immediately after the words "conservation and development of fish and wildlife" add the following: "*Providing, however*, That the conservation and development of fish and wildlife in connection with Burns Creek project shall be limited to the area of the reservoir and contiguous and adjacent lands."

This insertion would be right ahead of "An appropriate portion of the cost * * *."

Mr. ROGERS. Thank you very much.

Are there any questions?

Mrs. FROST. Will Mr. Baum be available this afternoon?

Mr. BAUM. I will be glad to, indeed.

Mr. ROGERS. We will go back into this after we finish with Mr. Gray this afternoon.

Mr. Saylor?

Mr. SAYLOR. I want to congratulate you on your statement. You have called some very important matters to the attention of this committee.

Mr. ROGERS. Mr. Gray, if you would like, at this time, we could hear your statement now. If you will come forward we will recognize you.

STATEMENT OF WELLES A. GRAY, DIRECTOR OF RESEARCH, EMPIRE STATE CHAMBER OF COMMERCE, ALBANY, N.Y.

Mr. GRAY. My name is Welles A. Gray. I am director of research of the Empire State Chamber of Commerce, the headquarters of which are located in Albany, N.Y. I appear on behalf of the Empire State Chamber of Commerce and other State and regional chambers of commerce which are members of the Council of State Chambers of Commerce. The State chambers for whom I speak are listed at the end of this statement.

Mr. ROGERS. May I ask a question right there now? Is the Council of State Chambers of Commerce associated or affiliated with the U.S. Chamber of Commerce?

Mr. GRAY. No, it is a separate organization. Our individual State chambers are practically all members of the U.S. Chamber of Commerce, but this is an organization of our own because we have a great many problems in common.

Our association is concerned with the proposal to spend more than $48 million from the Federal Treasury to build the Burns Creek project. We in New York feel entitled to be concerned about the justification on any Federal project since about one-seventh of the Federal tax burden is borne by the people of the State of New York. The State chambers of commerce as a group are concerned about this legislation, S. 281, for two reasons.

First, because it provides for a substantial expenditure of Federal funds for a project which is not clearly essential and which at best is of only marginal economic feasibility.

Second, because its primary and almost sole justification is to supply anticipated future power needs of present Federal power customers in an area where existing electric companies are prepared to supply all foreseeable needs. This bespeaks of public utility responsibility for the Interior Department and we strongly oppose that.

For the facts of Burns Creek we have relied principally on the report of the Senate committee on this legislation, dated June 29, 1959 (S. Rept. 439). However, our conclusions differ from those of the committee's majority.

Actually, this project is primarily and mostly a power project. About 98 percent of its total $50 million cost is charged to power. Less than 2 percent is charged to irrigation and no part of the cost is charged to reregulation of waterflow from the Palisades project which is 30 miles upstream.

The Burns Creek Dam would provide 234,000 acre-feet of water storage of which only 17,000 acre-feet would be used for reregulating purposes. While 100,000 acre-feet is considered as being for irrigation purposes, it is not intended to irrigate any new land. Instead, it is only intended to serve as supplemental long-term storage which might be used during exceptionally dry years which occur two or three times in a 50-year period.

Testimony in the hearings indicates that reregulation of waterflow from the Palisades project, to prevent damage downstream, could be accomplished with a 17,000 acre-feet storage dam at a cost of about $6 to $9 million.

It gets down to the question of Government operation of a power-plant against private operation and from the testimony given to your

committee yesterday, it seems very evident Utah Power Co. is pretty well equipped to handle power need not only now, but in the future in view of the plans which they have.

Thus, the primary purpose of the Burns Creek project obviously is to produce electric power and for that reason the project would involve expenditures of almost $50 million rather than the $6 to $9 million outlay that would take care of reregulation needs, if such needs do in fact exist.

Moreover, the project would add 90,000 kilowatts of electric power in southeastern Idaho where two electric companies now operate and are able to supply power needs in the foreseeable future.

In fact, one of these companies (Utah Power) has already made firm plans and commitments to build a steam-generating plant with an ultimate capacity of 300,000 kilowatts to serve the same area where power for the Burns Creek project would be marketed.

But some Bureau of Reclamation officials and a majority of the Senate Interior Committee are not satisfied with having the growing needs of the area taken care of by the electric companies. They take the view that all present power customers of the Bureau of Reclamation in the area have a right to look to the Federal Government for their growing needs. This is clearly the assumption of a public utility responsibility on the part of the Bureau, such as has already been assumed by TVA.

If Congress acquiesces in this instance, it could be used as a precedent for Federal utility responsibility in all areas where power is produced at Federal projects.

Adoption of this philosophy would lead to substantial additional tax-free Federal power in competition with taxpaying electric companies. It would mean large future expenditures of Federal funds for the purpose of providing subsidized power, at the expense of taxpayers generally, to meet the growing power needs of all present wholesale and retail customers of the Federal Government.

The Burns Creek project is nearly all for electric power. It is not a multipurpose project in any substantial sense of the term. Its irrigation and other nonpower features are relatively so small as to be little more than an excuse for some convenient multipurpose language in the bill.

Up to now, the Department of the Interior has not been permitted to build power-generating facilities other than as part of multipurpose projects.

In addition, from figures given in the Senate report, it appears that if interest is figured at 2½ percent per year, the total costs of the Burns Creek project will be less than the benefits by a safe margin; but that if the interest is figured at 3 percent then the relation between total costs and benefits becomes problematical.

It seems to be overlooked that interest rates of 2½ and 3 percent belong to those years gone by, not the present time. The American people nowadays could not possibly be persuaded to buy long-term bonds of the U.S. Government at yields of 2½ or 3 percent. The present market for such bonds requires yields well above 4 percent.

Whether we like it or not and whether we agree about the reasons for it or not, the fact is that interest costs to the Federal Government are higher than 4 percent for long-term borrowing. I suppose

that so long as creeping inflation continues, interest rates will have to stay high to attract investors.

Today, no new long-term Federal project can truthfully be said to be paying for itself unless its yearly net earnings are better than 4 percent of its investment. Burns Creek cannot meet such a criterion.

S. 281 provides the Burns Creek project shall be integrated financially (as well as operationally) with the neighboring Palisades Dam project. The latter is said to be doing well financially. This integration gimmick may conceal the losses of Burns Creek by offsetting them against surpluses of Palisades but does not cure the losses. The usefulness of the Burn Creek project is simply not great enough to support its high cost of construction. Burns Creek, therefore, represents a new turn in Federal policy—another turn toward intensified Government competition in the electric utility business.

The local result of the Burns Creek project would be to provide electric power, on a highly subsidized basis, for a favored little group of power users—the "preference customers."

Essentially, our position turns on the issue of whether or not there should be public power, it gets into the question of public policy and our position is one of opposition to Government-operated business enterprise of any sort and power in particular.

I might say in conclusion one thing about ourself in New York. In New York, we pay for our own power development. We have our own State power authority, which does part of it, the rest of it is handled by private utilities.

We do not get any Federal money for any public power or private power project in New York State. So we do not see why we in New York or for that matter, and again I am speaking for the other State chambers of commerce, don't see why we should be asked to help pay for public power development in other States, especially where the case at least in our judgment has not been proven any more than this has for the Burns Creek project and therefore our earnest request to you that you reject Senate bill 281.

My statement includes a list of the State chambers of commerce that are in accord with the position I have taken.

(The list referred to follows:)

The member State and regional chambers of commerce in the Council of State Chambers of Commerce which have endorsed this statement are:

Alabama State Chamber of Commerce
Arkansas State Chamber of Commerce
Colorado State Chamber of Commerce
Connecticut Chamber of Commerce
Delaware State Chamber of Commerce
Florida State Chamber of Commerce
Georgia State Chamber of Commerce
Idaho State Chamber of Commerce
Indiana State Chamber of Commerce
Kansas State Chamber of Commerce
Kentucky Chamber of Commerce
Maine State Chamber of Commerce
Missouri State Chamber of Commerce
Montana Chamber of Commerce
New Jersey State Chamber of Commerce
Empire State Chamber of Commerce (New York)
Ohio Chamber of Commerce
State of Oklahoma Chamber of Commerce
Pennsylvania State Chamber of Commerce
South Carolina State Chamber of Commerce
Greater South Dakota Association
East Texas Chamber of Commerce
South Texas Chamber of Commerce
West Texas Chamber of Commerce
Lower Rio Grande Valley Chamber of Commerce (Texas)
Virginia State Chamber of Commerce
West Virginia Chamber of Commerce
Wisconsin State Chamber of Commerce

In addition to the above, the Salt Lake City, Utah, Chamber of Commerce has endorsed this statement.

Mr. GRAY. I might say we also have the support of the Salt Lake City, Utah, Chamber of Commerce on this particular issue, since there is no State chamber.

Mr. ROGERS. Is the Idaho State Chamber on your list?

Mr. GRAY. Yes, the Idaho State Chamber is opposed to this project and authorized us to testify.

Mr. ROGERS. You made a statement that there is no Federal assistance of any kind in New York insofar as power is concerned. Do I understand the Niagara project is all a State-financed project with no Federal help directly or indirectly?

Mr. GRAY. Of course, the seaway is a Federal project, but as far as the Niagara power part of that is concerned, that is a New York State Power Authority project.

Mr. ROGERS. And none of the Federal investments float over into the State?

Mr. GRAY. No, sir.

Mr. ROGERS. Indirectly?

Mr. GRAY. No, sir.

The relationship would be most remote.

Mr. ROGERS. Mrs. Pfost?

Mrs. PFOST. No questions.

Mr. ROGERS. Mr. Saylor?

Mr. SAYLOR. Mr. Moses is the chairman of your New York State Authority?

Mr. GRAY. Yes, Mr. Moses is our chairman; that is correct.

Mr. ROGERS. Mr. Ullman, do you have a question?

Mr. ULLMAN. I have a question.

Do you prefer that I ask it now?

Mr. ROGERS. I expect it would be better now.

Mr. ULLMAN. Very briefly. You mentioned and made quite a point of the cost of money and I just wondered whether you were aware of the fact the last official expression of Congress on the interest rate problem was contained in the Water Supply Act of 1958. That act provides a formula for determining the interest rate based upon the existing cost of money and the formula currently is producing a rate of about 2.7 percent as being the cost of money to the United States today. I just wondered whether you were aware of that; you did not seem to be in view of your testimony.

Mr. GRAY. I am not aware of that particular act, Mr. Ullman, but, of course, I would comment that is hardly the cost of money to the Federal Government at the present time.

However, if we get into this I can see where we will get off into quite——

Mr. ULLMAN. This is the cost of money, though, according to the formula that has been established. If you are talking about going out and floating bonds——

Mr. GRAY. That is what I am talking about.

Mr. ULLMAN. I am talking about the average cost of money on the national debt today and it is 2.7 percent. This is under the latest formula we have worked out here in Congress to stay up to date on the average cost of money.

Mr. GRAY. I can understand from what you say about that formula but, of course, my reasoning is based upon what it would cost if you

had to go out and float a bond issue. I believe the last Federal short-term issue is somewhere around 5 percent.

Mr. ULLMAN. I had a little discussion with my friend from Pennsylvania on interest rates yesterday, and we are not going to repeat it today. I think you know my position.

Mr. GRAY. I do and I think you know ours.

Mr. ROGERS. Mr. Saund, do you have any questions?

Mr. SAUND. No questions, Mr. Chairman.

Mr. ROGERS. Thank you very much.

Without objection, there will be inserted in the record at this point a telegram from the Idaho Power Co. reiterating its opposition to this project, and a letter from the Wyoming Mining Association in opposition to the project.

(The statements referred to follow:)

BOISE, IDAHO, *February 16, 1960.*

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House Office Building, Washington, D.C.:

Retel our position remains same as outlined our statement August 26, 1958.

T. E. ROACH,
President, Idaho Power Co.

WYOMING MINING ASSOCIATION,
Riverton, Wyo., February 9, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN ROGERS: We are informed that your subcommittee will hold a hearing on February 15 and 16, for those who wish to make statements concerning the proposed Burns Creek power project on the Snake River in Idaho, as contained in S. 281. It will not be possible for us to attend this hearing, and we, therefore, respectfully request that this letter be made a part of the record of your hearing. We are reaffirming the position which we outlined in our letter to you on August 22, 1959.

The Wyoming Mining Association is interested in the utilization of our mineral resources to aid in the industrial development of the West. Wyoming has vast reserves of subbituminous coal and can provide low-cost energy. Its most efficient use is in the generation of electric power near a mine. Our power companies have been endeavoring to construct large, modern, and efficient generation plants near these large reserves of coal. Such plants can serve as a market for very substantial tonnages of coal each year. In addition, our power companies have a very direct interest in attracting other industries into their service areas and thus provide very definite assistance in the efforts to secure industrial growth and development. For these reasons, our mining association is concerned with any proposed legislation which will adversely affect the development of an efficient power industry.

We strongly oppose the proposed Burns Creek power project and urge that your subcommittee does not report in favor of its approval. Our objections are listed as follows:

1. The construction of the Burns Creek power project will require the expenditure of Government money. We contend that this is an unnecessary expenditure. The needed powerplants can be constructed with private funds under our free enterprise system. It would be better for the U.S. Government to use the $50 million for national defense, the reduction of the national debts or a reduction in taxes.

2. Ample quantities of power can be provided for the area by the power companies now serving the area. These power companies will expand their generating plants as needs develop.

3. The construction of the Burns Creek power project will place the U.S. Government in direct competition with the power companies which can provide the service to that area.

4. This project will adversely affect the economy of Wyoming. It is estimated that it will mean the loss of a market for 250,000 tons of coal annually in this State.

5. The proposed project will result in a reduction in job opportunity for coal miners residing in the area.

6. The Palisades Dam was constructed to store water for irrigation. The power produced was incidental and was made available to users in the area. The Burns Creek proposal is to provide additional power. The Bureau of Reclamation admits that it is strictly a power project. We do not agree that it is a responsibility of the Government to meet additional power needs when such needs can be supplied otherwise. This is not a proper function of the Bureau of Reclamation.

7. We are opposed to the furnishing of additional subsidized power to cities and towns. Such sales may be justified where surplus power is incidental to a reclamation project but we do not agree that we should be taxed to furnish additional power to cities and to industries that are our competitors.

8. No assurance is given that there will not be a request at a later date for a reregulation dam below the proposed Burns Creek Dam. The argument has been used that a reregulation dam is needed below the Palisades Dam in the Burns Creek proposal. We suggest that the Burns Creek project should be limited to a reregulation dam.

Our conviction is that the best interest of the Nation will be served if the investor-owned, taxpaying power companies are given an opportunity to develop large, economic utilities. The constant cutting down of their potential market by Government competition, retards their growth and makes it more difficult for them to effect the economies which result from large powerplants.

Your consideration of the views which we have presented above, will be appreciated.

Respectfully submitted.

WYOMING MINING ASSOCIATION,
R. W. BEAMER, *Executive Secretary.*

Mr. ROGERS. The statement of Mr. William Jackman, who had to leave, has been handed to the chairman, and without objection, it will be included in the record at this point.

(Statement referred to follows:)

STATEMENT OF INVESTORS LEAGUE, INC.

My name is William Jackman. I am president of Investors League, Inc., New York. The Investors League is a nonprofit, nonpartisan, voluntary membership organization of individual investors, small and large, residing in every State of the Union.

Mr. Chairman and members of the committee, on behalf of our thousands of investor members I wish to thank you for the privilege of presenting the viewpoint of American investors on S. 281, a bill by Senators Henry Dworshak and Frank Church, of Idaho, and H.R. 1235, a bill by Congressman Hamer H. Budge, of Idaho, "to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes."

We strongly urge the committee not to recommend this proposed legislation.

The description of the purpose of the bills as stated above is deceptive in character by failing to state frankly that the project is designed primarily as a Government-owned hydroelectric power project.

A vast majority of the taxpayers of the United States are totally unfamiliar with the purposes and probable effects of this legislation.

Testimony before the Senate in the first session of this Congress, brings into sharp focus the following points which should be brought to the attention of all of our voting citizens for their information and approval before any final action is taken by their elected representatives in Congress:

(1) The project would cost about $50 million of which 98 percent would be charged to power and less than 2 percent to irrigation. There is no actual or foreseeable power shortage in this area. It is well served by two large taxpaying, investor-owned power companies operating under State supervision.

(2) There is no proven need of the project for irrigation purposes. The Bureau of Reclamation estimates the 100,000 acre-feet of storage in Burns Creek would be used only two or three times in 50 years. No water would be used on present land; the project would not enable 1 acre of new land to be brought under cultivation.

(3) This project would cost the Federal Government $40 million of lost taxes that would otherwise be paid by private utility companies. Total annual revenue of the project estimated at $1,125,000 would be $311,000 short of meeting annual interest payments of $1,436,000.

(4) The alleged need of this project for "reregulation" has never been proven. Even if it were, a true reregulation project could be provided for around $9 million, or over $40 million less than the project contemplated.

The substantiation of the above comments have been made fully available to this committee in documented form by qualified experts in and outside of Government.

Why, then, at a time when the Nation needs new sources of tax money, at a time when our very solvency is being strained by the vast and necessary costs of national defense, why, at such a time, gentlemen, should Congress vote to unnecessarily squander $100 millions or more of the taxpayer's money?

A recent study shows that the revenue loss to the Federal Government resulting from the tax exemption of socialist government power projects for the 17-year period, 1942 through 1958, amounted to $2,700 million.

Projection of similar tax yield for the next 17 years, assuming the taxpaying companies were to carry on the electric power, business for that period estimated in respect of the present tax-exempt organizations, shows that $11,500 million would flow to the Federal Treasury which it will not receive under the present tax-exempt status of the Government-controlled or financed power enterprises.

The $50 million Burns Creek project, small as it may seem in a world in which we talk of billions, can set a precedent that will spread socialized Federal ownership of American industry like a poisonous weed. The end result? Nothing other than gradual loss of our human freedoms.

The valid charge has been made over and over again that there are powerful forces within this Nation, encouraged by the deceitful masters of the Kremlin who, wittingly or unwittingly, would weaken or destroy our entire economic and social order in favor of a bureaucratic Socialist welfare state. To accomplish this purpose most effectively, they would first socialize our basic energy resource industries. If we do not want this to happen, we must be constantly on the alert.

Speaking last week in New York before an important national religious group, our dedicated elder statesman, the Honorable Herbert Hoover, stated that "the spread of the Karl Marx virus" is one of the major crises haunting this country.

"The real meaning and purpose of socialism," said Mr. Hoover, "is the governmental operation of all commerce and industry and the reduction of life to pure materialism."

"This infection creeps through our Nation by deluded and misled men and by disguised organizations, fronts, and cults. These agents of infection are like hermit crabs which crawl into such terms as 'liberal,' 'progressive,' 'public electric power' (I repeat, gentlemen, 'public electric power'), 'managed economy,' 'the welfare state,' and a half-dozen others."

I submit, gentlemen, that the true interests of our free people would best be served by getting the Federal Government completely out of the electric power business. Otherwise, we are but feeding a bureaucratic monster who would help destroy the very ideals upon which this free Nation was founded.

(Whereupon, at 12:05 p.m., the committee was suspended to reconvene at 1:30 p.m., the same day.)

AFTERNOON SESSION

Mr. ROGERS. The Subcommittee on Irrigation and Reclamation will come to order for further consideration of pending business.

Is Judge Baum here?

Mr. BAUM. Yes, sir.

Mr. ROGERS. Judge, I imagine there are going to be some questions for you. Will you be able to answer them as we go along?

Mr. BAUM. At your convenience, I will be here.

Mr. ROGERS. Thank you very much, it is very kind.

We will proceed with the next witness and when the other members of the subcommittee come back we can call you back for questions.

Mr. Kackley, Mr. Smith, Mr. Hogan, and Mr. Sanborn. How will you testify?

Mr. KACKLEY. Mr. Smith and myself will testify together.

Mr. ROGERS. Thank you. You may come forward.

STATEMENT OF EVAN M. KACKLEY, BOISE, IDAHO, AND J. C. SMITH, GRAYS LAKE SETTLERS, WAYAN, IDAHO

Mr. KACKLEY. Gentlemen, my name is Evan M. Kackley, and my residence is Wayan, Idaho, and Boise, Idaho. I have had landholdings in the Wayan, Idaho, area for many years. I am very much interested in reclamation and irrigation projects. I wish to express appreciation for permission to appear before you.

I represent a number of people with interests in the Wayan, Idaho, area. In the beginning we approved the Burns Creek project as a reclamation project. We are now concerned as to the effect of this bill on the livestock industry in my area.

The Palisades project as approved 10 years ago contemplated the exchange of 55,000 acre-feet of Palisades water to permit holding back waters in Grays Lake for fish and wildlife refuge. This plan was never carried out.

If I may call your attention to the location map on here you see the Palisades Reservoir site. Approximately 35 to 40 miles south and west of there is known as the Grays Lake Reservoir. This is unfortunately mislabeled. This is Grays Lake.

The normal outlet of that lake is Grays Lake outlet or Willow Creek. Approximately 1920—to the south of the Grays Lake Reservoir is a marking called Clarks Cut. This was opened up at that time. These waters were drained down into Black Foot Reservoir which is a Federal project of many years standing. At that time, when the Clarks Cut was made, the waters were taken into the Fort Hall Indian Reservation.

If you will look here a little to the west is Fort Hall. In the original Palisades bill there was a clause in the second supplemental report relative to this 55,000 acre-feet that was subject to later confirmation by congressional action.

At that time, in a contemplated plan as contained in the supplemental plan for Palisades the water was to come down for this 55,000 acre-feet, was to be brought down the Snake River and if you will follow the Snake River down past the contemplated Burns Creek Reservoir, at present and come across the lake into Idaho Falls, at that time the water was to be diverted from the Snake River to the Idaho Canal and this water was to be used in exchange for the runoff in Grays Lake.

In the original plans, at that time, they were going to close the natural outlet at Grays Lake which runs north and also close Clarks

Cut. As I stated, authorization was not carried out on the Palisades project for this.

Our interpretation of the powers of the Secretary of the Interior in fish and wildlife programs in S. 281 have been stated by Attorney O. R. Baum.

On September 1, 1959, Mr. Ross Leonard, director of the fish and game department in Idaho, stated to me that his organization "hoped" to get waters from Burns Creek for a bird refuge at Grays Lake. Much recent activity has been manifest in Idaho to do this.

Mr. Smith, my compatriot here, will follow on that point.

Burns Creek waters, as Judge Baum has pointed out, are proposed as substitute waters for Fort Hell Indian rights in Grays Lake. The Indian rights from Grays Lake amount to an average of 18,750 acre-feet of water a year. Should the fish and game department's plan be carried out, the outlet of Grays Lake would be closed and many thousands of acres of land flooded and withdrawn from production also.

Were 55,000 acre-feet of Burns Creek water used to replace Grays Lake water as now talked of in Idaho (the amount originally planned for bird refuge in the Palisades project) only 45,000 acre-feet of the 100,000 of irrigation storage space in Burns Creek would remain for irrigation.

With the loss of this effective amount of storage and the loss of the thousands of acres flooded at Grays Lake and withdrawn from production, plus loss of land inundated by the Burns Creek Reservoir itself, the Burns Creek project would result in a net loss to reclamation in Idaho and to the Nation that has accepted reclamation as a precept to development of the West.

The loss of productive land on Grays Lake would amount to some 18,000 acres. Lands flooded by Burns Creek Reservoir would encompass 1,400 cultivated acres and 2,800 acres of pasture and hillside grazing. Not one new acre of land would be brought under cultivation by the Burns Creek project by gravity irrigation.

Plans of the Fish and Wildlife Service also contemplate expropriation from the settlers of streams feeding Grays Lake, thereby removing approximately 1,000 acres more from production on Grays Lake.

The Palisades Reservoir has a dead storage space of 200,000 acre-feet in a total capacity of 1,400,000. The Burns Creek project has a dead storage of 117,000 acre-feet in a reservoir of only 234,000. The ratio of dead storage to total at Palisades is 1 to 7; in the Burns Creek project it is 1 to 2. This will result in a fine lake for recreation and wildlife, but very little for supplemental water for crops.

Therefore, in view of the opinion of the Department of Interior, expressed by its Under Secretary, Mr. Elmer Bennett, to me under date of February 8, 1960, a copy of which is attached hereto, it is respectfully urged that the amendment proposed by Judge O. R. Baum and others appearing before this committee be inserted to limit fish and wildlife conservation measures to the immediate region of the impounded waters back of Burns Creek Dam, and lands immediately contiguous thereto.

(Documents referred to follow:)

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., February 8, 1960.

Dr. EVAN M. KACKLEY,
Boise, Idaho.

DEAR DR. KACKLEY: This is in reply to your letters of December 19, 1959, to this Office and the Commissioner of Reclamation, enclosing a copy of your letter of the same date to Mr. Paul Quick, Chief of the Division of Wildlife of the Bureau of Sport Fisheries and Wildlife. It is also responsive to your letter of January 29 to the Secretary.

We are impressed by the thoroughness of your analysis of the Grays Lake problem.

However, we hasten to assure you that, in our view, neither the Secretary of the Interior nor any other administrative officer is authorized to establish a wildlife refuge area at Grays Lake in the absence of an act of Congress. Section 1 of the act of September 30, 1950, authorizing the Palisades Dam and Reservoir project, which you have quoted, specifically prescribes this requirement for prior congressional approval. In our view, this requirement has not been altered or modified by any subsequent legislation.

It is true that this Department recommended provision for fish and wildlife facilities to be incorporated in the authorization for the Burns Creek project. However, the facilities contemplated do not include the development of the Grays Lake wildlife area. Rather they contemplate certain measures in the immediate vicinity of the Burns Creek Reservoir which are closely related to that project.

The first sentence of section 2(b) of the Fish and Wildlife Coordination Act does not confer any new authority on any administrative officer to authorize any project facility. It simply states, among other things, that reports of the Secretary of the Interior and of the State fish and game agency on the wildlife aspects of water resource projects must be made an integral part of any report submitted to any agency already having the authority under other laws to authorize or modify such projects.

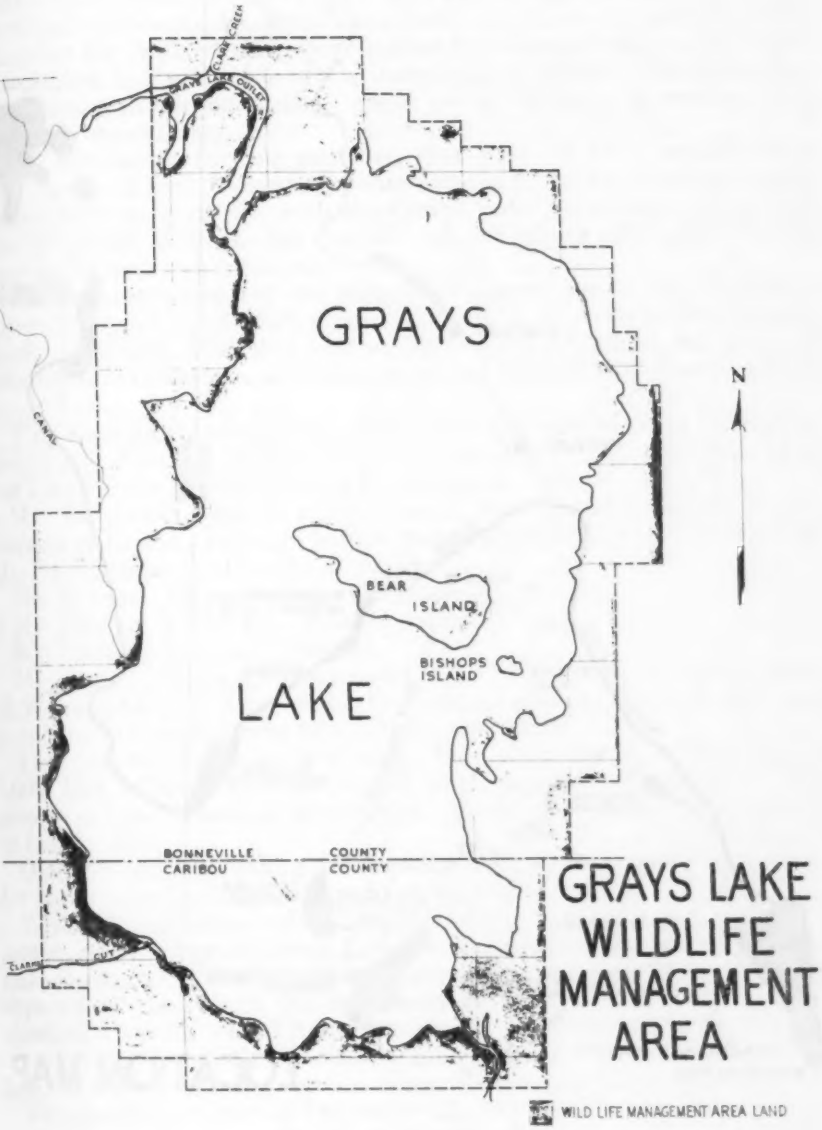
Also, we invite your attention to section 2(f) of the Fish and Wildlife Coordination Act. This section provides for a description of fish and wildlife facilities to be incorporated in any report on a proposed project submitted to the Congress for authorization. The Burns Creek project is in this category. It is not conceivable that the Grays Lake wildlife facility could be developed as part of Burns Creek without a full discussion of the proposal in connection with consideration by the Congress of the Burns Creek authorization. As previously indicated, we have no intention of attempting to develop the Grays Lake wildlife facility in connection with any authorization for Burns Creek.

This Department remains of the opinion that the Grays Lake area would provide an excellent and much-needed waterfowl facility. We hope that, at some future time, an acceptable proposal for the development of the area can be worked out with local interests and approved by act of Congress.

For the present, we are glad to reassure you that, in our opinion, neither the Secretary of the Interior nor any other administrative officer of the Federal Government is now authorized to develop this wildlife management area without approval by a specific act of Congress, and also that there is no possibility of such authorization being derived from the present proposal for congressional approval of the Burns Creek project.

Sincerely yours,

ELMER F. BENNETT,
Under Secretary of the Interior.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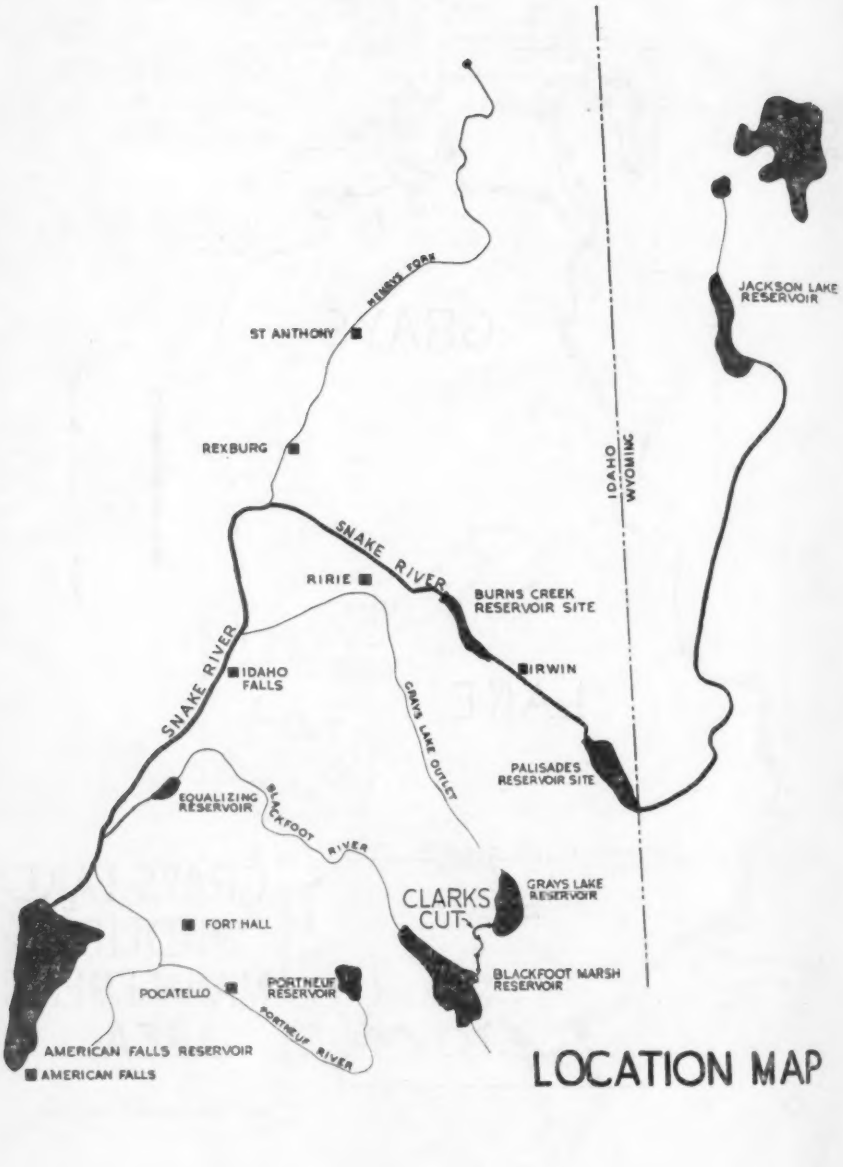


LOCATION MAP

Following May 1953 meeting in Soda Springs, Idaho, between the Federal Fish and Wildlife Service and settlers of Grays Lake and others with interests there, a permanent committee was formed to represent Grays Lake.

At a meeting in December 1955, with the Federal Fish and Wildlife Service, represented by Mr. Paul Quick, an agreement on an acceptable plan for improving the bird habitat was reached, which agreement is recorded in the records of Caribou County, Idaho. The plan contemplated a development that would not interfere with our livestock and other operations.

The agreement further provided that Federal Fish and Wildlife Service would first discuss any contemplated plans for development of Grays Lake as a refuge with the Grays Lake permanent committee. The Fish and Wildlife Service has acknowledged this agreement by their actions on two occasions.

The various actions of our permanent committee are set forth in a letter of December 19, 1959, from Dr. Evan M. Kackley to Paul Quick, chief of refuges, Fish and Game Department of Idaho, we obtained additional information on the plans to use Burns Creek water to flood Grays Lake.

This was again brought out at the State fish and wildlife federation meeting in January of this year, also attended by various members of the Idaho State Fish and Game Department.

Mr. KACKLEY. That is my statement, Mr. Chairman; if it is convenient with you, perhaps before questions, would it be all right for Mr. Smith to proceed to add to this?

Mr. ROGERS. Do you have a statement, Mr. Smith?

Mr. SMITH. Yes, I do. It is very short.

Mr. ROGERS. You may proceed.

Mr. SMITH. Gentlemen, my name is J. C. Smith, and I am a resident of Wayan, Idaho. I represent the Grays Lake settlers, and am also a member of the permanent Grays Lake committee.

The community is a rural one. Our elevation is approximately 5,000 feet. Our crops are hay, a small amount of grain, and our income is from livestock operations. Each individual ranch is small, of family size.

Our livestock operations are dependent on the hay raised in the area for the winter feeding and local spring and fall pastures.

When it was proposed during plans for the Palisades project to create a bird refuge at Grays Lake by impounding the outlet of Grays Lake through Clarks Cut, the citizens of Grays Lake were 100 percent opposed to the refuge (as evidenced by petition—copy of which is attached), which would have completely annihilated the vast majority of local livestock operations and seriously interfered with the Gentile Valley Grazing Association and others.

Dr. Kackley's letter of December 19, 1959, to Mr. Quick completely outlined the problem. He questioned the fish and wildlife provisions of the Burns Creek bill and requested an explanation. Not a satisfactory explanation has been received.

Several reputable lawyers in Idaho have briefed the question of the powers of Senate bill 281 to create a refuge by taking storage from Burns Creek to replace the waters of Grays Lake and are the unanimous opinion that the Department of Interior has such power.

There are many valid reasons that this departmental power in S. 281 to create a refuge on Grays Lake which would completely distort the feasibility of the Burns Creek project, should be curtailed.

Idaho is second to Alaska in acreage under control of the National Forest Department. Undoubtedly, already under the control of the Federal Government there are areas in Idaho that could be developed for refuges without hurting private operations.

Plans for a Grays Lake refuge development contained in the Palisades project, and as learned through talks with the Fish and Wildlife Service, lands of Grays Lake that would be removed from production break down as follows:

	Acres
Loss of highly productive private lands	13,179
Loss of lands belonging to the Bannock-Shoshone Indian Tribe	4,620
Total	17,799

Also, in the refuge project were plans to appropriate settlers' irrigation water rights from the creeks that flow into Grays Lake. Conservative this would remove another 1,000 acres from production, making a total loss of 18,890 acres.

The entire valley of Grays Lake, to all intents and purposes would be rendered nonproductive, causing a dislocation of all of its settlers and of the vast livestock industry that is dependent upon Grays Lake.

In view of the availability in Idaho of other lands for refuges already within the public domain; in view of the defeat of the reclamation features of Burns Creek which would result by withdrawing so many productive acres of Grays Lake—several times more than could be reclaimed by the remaining amount of water in Burns Creek for irrigation; and in view of the agreement entered into by the Fish and Wildlife Service with the settlers and people with interests around Grays Lake, it is strongly urged that the powers of the Secretary of Interior pertaining to fish and wildlife propagation be limited to conservation measures to the impounded waters only of the Burns Creek Reservoir itself and immediately contiguous lands.

(Discussion off the record.)

Mr. ROGERS. Mr. Smith, you want the exhibit to be attached to your statement?

Mr. SMITH. Yes.

(Document referred to follows:)

NOVEMBER 9, 1955.

We, the undersigned, residents and landowners of the Grays Lake area, after 2 years of careful consideration and study of the management and the methods used to acquire wildlife management areas by the Fish and Wildlife Service, believe a refuge would be detrimental to the development and economy of the valley. We, therefore, do hereby oppose the establishment of a wildlife refuge at Grays Lake.

We also recommend the withdrawal of any legislation intended to extend the time that the 55,000 acre-feet of storage space in the Palisades Reservoir will be available for replacement of Grays Lake water.

J. C. Smith, Desmond Call, Ruth Stoor, Max B. Weaver, Lilo Weaver, Dan Morgan, Ida Morgan, Oscar Vias, Verda Vias, Lyle C. Burton, Benda G. Burton, Frances Roy, C. L. Roy, Mae Branford, Roy Vias, Alfred Vias, David A. Coombs, LaRue Coombs, Delbert Tingey G. W. Somsen, Robert W. Stoor, Lewis E. Stoor, Keith Tingey, Rex Layland, Frank Stoor, Colleen Layland, Emil Stoor, John Soderman, Vernon Soderman, C. H. Thomas, Robert Somsen, Gerald Jensen, Farrell Stoor, Earl L. Somsen, Ree Som-

sen, Hugh A. Swain, Wilda Vias, Thomas Baker, Lois Baker, Vera D. Smith, Leith R. Somsen, Roy O. Stoor, Reid C. Humphreys, Bernard Lindstrom, Rhoda Sibbett, Ewart Muir, Chas. H. Tingey, Mrs. Clyde Weaver, Ernest Lombard, Robert H. Carlins, Fred Brenzinger, Pheroby Brenzinger, Russell Sibbett, Cecil Sibbett, Cannon Tingey, Albin Lindstrom, Jr., Glade Sibbett, John Muir, Inez Muir, Vera Sibbett, Eliza Lei Sibbett, Earl Sibbet, Roscoe Sibbett, J. B. Muir, Evan M. Kackley, F. W. Harris, Berdean Harris, Denton Harris, Litha Pond, Wacon Hogan, Alma Pond, Grover Hogan, Charles Harris, Loren Hogan, Dean Hogan, Amy Elsmore, Leo Anderson.

GENTILE VALLEY LAND AND CATTLE CO.,
By GROVER C. HOGAN.

Mr. ROGERS. And Dr. Kackley, you want the letter from Mr. Bennett to be included and the two maps?

Mr. KACKLEY. Yes, sir.

(The letters and maps appear on pp. 320, 321, 322.)

Mr. ROGERS. Without objection, it is so ordered.

The Chair recognizes the gentlewoman from Idaho.

Mrs. PFOST. Thank you, Mr. Chairman.

First, I would like to compliment the gentlemen for their very fine and constructive statements. Particularly Dr. Kackley, I have had former acquaintance with the type of work you have done in the conservation field. I realize that you are here in good faith and would be interested particularly in a wildlife habitat or refuge being placed anywhere in our State if it did not infringe upon anybody else's property. Is that not true?

Mr. KACKLEY. I believe that is true, generally.

Mrs. PFOST. In other words, you are a conservationist at heart and have further various types of legislation and measures that would continue to expand in that field, I believe.

One thing I should like to call the committee's special attention to regarding the exhibit Dr. Kackley has attached to his statement, and I shall read just about three or four sentences. On page 1, second paragraph, this is the letter of Elmer Bennett, Under Secretary of the Interior:

However, we hasten to assure you that in our view neither the Secretary of the Interior nor any other administrative officer is authorized to establish a wildlife refuge at Grays Lake in the absence of an act of Congress.

And then the last two paragraphs state:

This Department remains of the opinion that the Grays Lake area would provide an excellent and much needed waterfowl facility. We hope that at some future time, an acceptable proposal for the development of the area can be worked out with local interests and approved by an act of Congress. For the present, we are glad to reassure you that in our opinion neither the Secretary of the Interior nor any other administrative officer of the Federal Government were now authorized to develop this wildlife management area without approval by a specific act of Congress and also that there is no possibility of such authority being derived from the Senate proposal for congressional approval of the Burns Creek project.

I personally feel that is the opinion of the Department but I should like to say, and assure the gentleman at the witness stand, that if there is a loophole in the legislation that will not cause the Burns Creek and the Palisades to stand upon their own, and if it does infringe upon the Grays Lake area, certainly I would not favor the legislation being, shall I say, being integrated with the Grays Lake impoundment to the extent that it would flood land over there.

That is not my understanding of the legislation. But if it is necessary to amend or write in the report or what type of protection is necessary, I feel that you can depend upon the members of this committee making sure that we do not infringe upon the area several miles distant, which will flood your farms and cause you financial ruin, as I have interpreted your statement. I wanted you to know some of us feel that way about it.

Mr. KACKLEY. Of course, those words warm the cockles of our heart and coming from the lady from Idaho here. With your permission, I would like to go into the reason why we have been interested in concrete proposals to guard against this and prevent this.

In the first place, the group I have associated with, as you said knowing me in Idaho, and from anyone that lives in Idaho, we believe in reclamation because we have seen it change our desert into the flourishing acres on which we are dependent.

We also know that both Burns Creek and Palisades are supplemental water reservoirs to add to land already under production.

In going back to perhaps our allergy or our conditioned reflex as to the fish and wildlife, it goes back to quite a few years ago in 1953.

At that time, we did not know anything about the contemplated refuge which we may place at our own ignorance for not following the happenings in Washington. However, in 1953 we had this meeting at Soda Springs, Idaho. We had a very distinguished group of members from fish and wildlife who came out and sat at our table.

At that time, we recorded their statement, which were well attended. We asked if they had any information on the amount of land that would be taken from us or on the flooding of the water. We were informed that that information was not available.

A few moments later we got into our possession House Document 702 of the 81st Congress, 2d session, the Palisades Dam and Reservoir project. When we turned over this we were quite dismayed to find a map in there of the lands that would be flooded. This information had been denied to us on direct questioning of men from Washington.

Furthermore, we asked if they contemplated any condemnation suits. We were informed that was not the policy of the Department. It was brought out by attorney O. R. Baum at that time that our courts were loaded with condemnations from the Camas refuge which is only about 80 air-miles from us.

Of course, we did not feel very good about after we found out. This went on quite a little while and Mr. Paul Quick now chief of refuge, and then connected with the Portland regional office, was designated under a letter to O. R. Baum to negotiate and work out plans with us.

At that time, it was understood that no bill would be introduced to create a refuge without us knowing about it, any action taken. Unfortunately—may I interpolate here that we feel that we should not be critical of public servants on here and we must deal with them as their offices are very large and their ramifications through channels to the top are difficult. We also know your public servants are not like you and have to stand election every 2 years, and some of them become very dedicated to one project.

With that interpolation, I will go back to the story.

This bill was introduced and it came to us on very close time that it was coming up. We wrote to the regional office and asked for an interpretation. It came back to us that the bill was just a continuation and did not create the refuge.

We also had a letter furnished from some department in Washington that completely bore this out. At that time, O. R. Baum gave us an opinion that it created the refuge immediately. This was subsequently confirmed by the Solicitor from the Department of the Interior.

By great effort, the bill was withdrawn and that was when the water went back.

Furthermore, following this we made this agreement with Mr. Quick that he was to consult with us and that certain things were to be carried out.

Therefore, we set back when Burns Creek came up and did not take too much interest in wildlife rather than the reclamation features. When I talked to Mr. Ross Leonard at September 1, he made the statement—at that time I thought the agreement with the Fish and Wildlife Service was still valid.

However, I must realize that under the Fish and Wildlife Coordination Act there must be approval from the State fish and wildlife service before Federal approval can go ahead. As Mr. Smith has pointed out, there were two members at the Montpelier meeting of the fish and wildlife. They did not do anything to counteract this plan. When the statement was made in the State meeting they did nothing. There were many members of the Fish and Wildlife Service there. They did nothing to counteract when the statement was made they were seeking and making progress to obtain 55,000 acre-feet of water from Burns Creek and Palisades to create the refuge on.

Mr. Smith has made mention of the letter I wrote to Mr. Quick on December 19 of the past year asking for an opinion. Unfortunately, until the last day I came back I did not receive the letter. We wished to have a solicitor's opinion. Representative Budge asked for information contained in the files and he referred back that the letter would be sent to me on this.

At that time, may I quote that Mr. Quick wrote to one of Life's liaison men between the Fish and Wildlife Federation that they did not contemplate a refuge on January 14 and there would be a man sent from the regional office to talk it over with them because we did not receive any of this direct information.

I wish to call your attention to this in this letter from Mr. Bennett. I understand that Mr. Bennett is an attorney in his own right. We particularly asked for a solicitor's opinion on this. There is nothing in here that would indicate that has been given deep study.

Mr. ROGERS. Would the gentlewoman yield?

Mrs. PFOST. Yes.

Mr. ROGERS. Dr. Kackley, to sum it all up, the situation is, in accordance with Judge Baum's very able opinion, that there is no affirmative limitation on the power of the Secretary and, therefore, it is an open-ended situation that you folks fear. What you want done

is something specified and spelled out in this legislation to show that the Secretary would not be able to do that which he could do without the amendment.

Mr. KACKLEY. That is the complete feeling and what we wish. I think that is brought out in Mr. Bennett's letter. He makes the statement in the last paragraph, "For the present."

We don't know what the future will be or the future plans.

Mr. ROGERS. What he is actually saying is we do not have any plans to do something, but he is not saying the position of the Department of the Interior is we do not have the right under the law.

Mr. KACKLEY. That is the complete summation.

Mrs. PFOST. Dr. Kackley, in the event you can be assured that this Grays Lake situation will be taken care of, whether it be by amendment or by the report or whatever manner the committee sees fit to handle it, would you then be in favor of Burns Creek?

Mr. KACKLEY. We have always been in favor of the Burns Creek reclamation project, but I am afraid we would want it put in as an amendment to the bill to be completely safeguarded. We accept your integrity and the members of the committee, but time has a way of changing all of us.

Mrs. PFOST. Thank you, Dr. Kackley.

Mr. Smith, is that your opinion also?

Mr. SMITH. That is my opinion.

Mrs. PFOST. Thank you very much.

Mr. ROGERS. Mr. Saylor?

Mr. SAYLOR. Dr. Kackley, I might say to you that I am glad we have some people like you out there in Idaho. I am glad that we have the gentlewoman from Idaho who says you are a conservationist. I saw you sitting in this room from Monday and I liked your appearance and I love you now.

Mr. KACKLEY. Thank you.

Mr. SAYLOR. I know of no higher commendation than that through conservation. I appereciate the fact you found some of these great people from the Bureaus that do not have to stand for public election every 2 years who have made statements that they will survive Congressmen who are opposed to them, do not let it worry you, we may not get the project while he is there, but they will be around. It is a good thing to have people like you and the judge out there looking over their shoulders and trying to find out what they are trying to shove down your throat.

Frankly, unless you have some very dedicated people in your area you would not have picked up the Grays Lake business at all.

In fact, it is very evident to me as late as September 15, 1959, when Mr. Leonard came out and talked to you there was a very definite attempt, without bringing it out on the surface, to have this water diverted to Gray Lake. Do you think that is correct?

Mr. SMITH. Yes.

Mr. KACKLEY. Yes, sir; I think in the letter of transmittal looking back at it that it can be brought out from the national office—if you will read Mr. Aandahl's statement on the Burns Creek project on roman numeral 5 I believe we can bring it out that it was a proposition also in Washington, D.C.

With your permission, may I read that? This is on page 5 carried under the date of February 26, 1957.

Since completion of the Department's proposed report a great deal of interest has arisen in the provision for the facilities for the preservation and propagation of fish and wildlife in connection with the Burns Creek development the Bureau of Reclamation, U.S. Fish and Wildlife Service, Idaho Fish and Game Department, and local groups are now conducting cooperative investigations to determine what facilities would be proper.

However, firm proposals or cost estimates are not available at this time.

If you will refer further into this report there is no loss set aside in the costs for Fish and Wildlife Service, that they have suffered any loss in the feasibility of this project.

Mr. SAYLOR. I think you have brought out something that heretofore has not been touched on not in the last 3 days.

First, that is if the Burns Creek project is built there is going to be 1,400 acres already under cultivation flooded, is that correct?

Mr. SMITH. I did not quite hear you, Mr. Saylor.

Mr. SAYLOR. In your statement you state that if the Burns Creek reservoir is built 1,400 acres are going to be flooded that are already cultivated.

Mr. SMITH. Yes, sir; that is in the Burns Creek project, set forth in there.

Mr. SAYLOR. These are acres that are already irrigated?

Mr. SMITH. I do not know. That is the Gannett Valley. I am not familiar with the area this covers in there.

Mr. SAYLOR. In addition there are 2,800 acres of pasture and hillside grazing.

Mr. SMITH. Yes, sir; that is carried in the report. I am not familiar with that either.

Mr. SAYLOR. In other words, that is 4,200 acres which is going to be taken out of production and cultivation if this reservoir is built.

Mr. SMITH. Yes, sir.

Mr. SAYLOR. Then you went on to say that not one new acre of land is to be brought into cultivation by the Burns Creek project by gravity irritation—irrigation. [Laughter.]

I was probably correct in the first statement.

Mr. SMITH. This was set forth as supplemental water. You do not bring raw lands in under supplemental irrigation. However, more acres are brought in by pumping.

Mr. SAYLOR. Instead of a reclamation project, this becomes more and more a power project because it takes 1,400 acres of cultivated land and 2,800 acres of grazing land out of the project. This becomes less and less a reclamation project. I would not ask you to comment on that. You have to get along with those people back there, I do not.

Mr. Smith, I know in your statement you said you represent the Grays Lake settlers. Is that property owners?

Mr. SMITH. That is property owners.

Mr. SAYLOR. The connotation is such that you might be squatters rather than owners. The people that have signed these two last pages of your statement are property owners that would be affected unless there was a provision placed in this bill that there could not be a diversion of water from Burns Creek Reservoir to Grays Lake?

Mr. SMITH. That is right.

Mr. SAYLOR. I am interested in noting that one of you two gentlemen stated if this water was diverted from Burns Creek the present outlet would be cut off. How would that be done?

Mr. SMITH. In their plans of flooding Grays Lake it is a simple matter to close off the natural—there are two outlets, a manmade outlet and natural outlet—it is a simple matter of closing those off with a bulldozer and retaining all the water in Grays Lake.

Mr. SAYLOR. In other words, the location on the map that is marked "Clarks cut" would be closed, is that correct?

Mr. SMITH. That is right.

Mr. SAYLOR. I think one of you gentlemen stated there was a natural outlet that is marked "Grays Lake outlet" and that too could be closed, is that correct?

Mr. SMITH. Very easily.

Mr. SAYLOR. With those two being closed, it would be very easy to inundate better than 18,000 acres of land which is now under cultivation in the area of Grays Lake, is that correct?

Mr. SMITH. It would inundate most of the land, but land that was above the water would be needed for a testing area and would be confiscated.

Mr. SAYLOR. That is all, Mr. Chairman.

Mr. ROGERS. Mr. Ullman?

Mr. ULLMAN. Just this Dr. Kackley.

If your Grays Lake amendment is added to the legislation, then it has your unqualified endorsement?

Mr. KACKLEY. Any reclamation project in Idaho has all of our unqualified endorsement.

Mr. ULLMAN. But this specific one has your unqualified endorsement if this amendment is made?

Mr. KACKLEY. Yes, we officially endorse it.

Mr. ULLMAN. That is true of you also, Mr. Smith?

Mr. SMITH. That is true.

Mr. ROGERS. Are there other questions?

Thank you very much, gentlemen, for your contribution.

Mr. KACKLEY. Thank you.

Mr. SMITH. Thank you.

Mr. ROGERS. Do any of the committee members have any questions they want to ask of Judge Baum?

Before we recognize Mr. Hogan and Mr. Sanborn, I have one question in regard to this proposed amendment.

As I understand it, you have not had any communication from the Department of the Interior on this suggested amendment.

STATEMENT OF O. R. BAUM, GRAYS LAKE COMMITTEE, POCATELLO, IDAHO—Resumed

Mr. BAUM. I have not. I was only employed quite recently to look into this bill and we did not have time, after arriving here, to confer with anyone of the Department.

Mr. ROGERS. Let me ask you about the last words. It says, "be limited to the area of the reservoir and contiguous and adjacent lands."

Could you give us an idea of just what that would cover, what you have reference to there?

Mr. BAUM. What I have reference to is hard to explain unless one has visited the Burns Creek area which I have. That is quite a fishing stream. When I saw the immediate area, I mean the dam and above.

You will notice that this bill 281, and it has a peculiar phraseology in it which I cannot understand, it talks about in (*d*) on page 5, "during times when releases for other purposes are less than 1,000 cubic feet per second release of that amount from Burns Creek shall nevertheless be maintained for the benefit of downstream fish life, but this release may be reduced for temporary periods."

There is always water in the Snake River at that point. We know that. For years prior to my going as a member of the judiciary, I represented a number of canal companies that had water out of Jackson Lake. There is always water in the Snake River there. I encountered, since coming here, the thought that is for putting in fish screens, and so forth, downstream. Under Senate 281 there will be no new canals built so the head works are still there, the diversion works are still there.

I do not know what that means. So, answering your question, directly, this seems to have a multiple purpose, this bill, and I suppose that was put in for a purpose. But being the same headgates that will be used and would not be diverted, except if they use Grays Lake water for a refuge and take Burns Creek water then the identical canal which would water the Indian project would have to have a new diversion works, a new right-of-way, new bridges, and so forth, and as I understand, at great cost.

Getting down to answer your question, what I mean by those words is this: that area where Burns Creek is, of course, is somewhat in the canyon, and so forth. There will be an area around there, probably below where the powerplant is to be, made into parks, and so forth maybe, and above will be an area and then a little tributary stream that will be in an area. So when you use the words "Burns Creek Reservoir and adjacent and immediate or contiguous territory" I mean all of those little flat areas that are always incidental to a dam where the creeks come in and the backwater, so to speak. Does that answer your question?

Mr. ROGERS. Yes, sir; thank you very much.

Are there any other questions?

Mr. SAYLOR. Mr. Chairman?

Mr. ROGERS. Mr. Saylor.

Mr. SAYLOR. Let me ask you, in view of the fact you are familiar with this stream for many years, what releases should be made at all times below the dam if this dam is built?

Mr. BAUM. Not being an engineer—but you must bear in mind that this river has the Jackson Lake, which is water constantly. It is a normal flow and there is a storage flow. It has Palisades, then would have Burns Creek. So you will always find the Twin Falls area has some normal flow. The Aberdeen-Springfield area out of Blackfoot and west of American Falls has normal flow, and all the canals up and down the stream has normal flow, and now they have supplemented with storage flow.

For example, people above American Falls Dam have water or storage rights in American Falls in exchange for these upper rights during the summer. It is an annual exchange. So there will be always water downstream. That is the reason I say I cannot understand the phrase of that bill, except as it was explained to me that the Fish and Wildlife Service thought they only wanted to put in some new

screens in these old canals. Those canals have been there—Snake River was decreed in 1909, 1910, and 1911. Way back in 1915, 1916, and 1918, we had a lot of litigation about the stored water in Jackson Lake and about the trading and exchanging and losses.

You always have transpiration losses, and then you have the return flow. The Service is to be complimented for working out a very indirect exchange of waters. I thought it well to call your attention to that one statement. I do not know what the purpose of the statement was. The way the bill is drafted, I am of the firm opinion, under this bill, in view of the $2 duck stamp money, that the Wildlife Service could go out and take an area. They cannot operate it because that is not what that money is for, but they can certainly buy it and use the moneys for the cost of administration in buying it—and that is what we are afraid of; that it can and ultimately will be used. And it seems to be in there so broad it has the same intention as it was in the Palisades Dam which was stricken out.

Mr. SAYLOR. That is one question I was going to ask. If we take it out of this bill, would you still be under the same threat as in the Palisades bill?

Mr. BAUM. They took it out of Palisades bill—in other words, Palisades as originally drafted. It has a clause now they cannot use it for the benefit of wildlife. That is what we are arguing about it. If they had not put that in, you would not have had Palisades, as I understand it. In the Palisades bill, it is plainly in these words, and I am glad you brought it up because that is just what we are talking about. Here is what they said in the Palisades:

Provided, That notwithstanding recommendations to the contrary contained in said report (a) the Secretary shall reserve not to exceed 55,000 acre-feet of active capacity in the Palisades Reservoir for a period ending December 31, 1952, for replacement of Grays Lake storage, but no facilities in connection with the proposed wildlife management area at Grays area shall be built and no allocation of construction costs of the Palisades Dam and Reservoir by means of replacement storage to that area shall be made until the development and operation and maintenance of wildlife management area have been authorized by an Act of Congress.

At the time this was passed with that limitation in, the duck stamp money was $1, and it was a limitation; it had to go to Congress.

If you will look at the last amendment to the duck stamp affair, $2 more, as I read the bill—they can take that money without limitation, without requesting you gentlemen and ladies what to do with it. So they could just go out and buy this area, condemn this area, and we would have to—as I put in my opinion—you cannot sue the Secretary of the Interior in Idaho. That has been developed so many times in court. We would have to come down to Washington, D.C.

Mr. SAYLOR. You are correct, Judge, and that is the very intention of that bill and the reason it is in there just the way you read it is, that instead of applying the dollars as originally intended, people downtown in the Bureau decided—under the direction of some committees of Congress, I am sorry to say—that the money could be used for other purposes. So that is why it was specifically written into the bill to give it just the interpretation that you place upon it.

Mr. BAUM. For years I thought I knew how to interpret the laws. I was in the judiciary for 10 years—a member of Idaho—but after hearing some explanations by some witnesses who desired this bill in

its present form, I have come to the conclusion that my education has been sadly neglected. [Laughter.]

Mr. ROGERS. Off the record.

(Discussion off the record.)

Mr. ROGERS. The gentlewoman from Idaho?

Mrs. PFOST. Thank you, Mr. Chairman.

Judge Baum, we are very happy to have you here with us today. Your judgment is highly respected in southeast Idaho and we greatly appreciate the fine testimony you have presented.

I wanted to ask you: Would it not be better to use the amendment in the Palisades bill rather than the amendment that you suggest?

Mr. BAUM. I believe not, for this reason: You have before you now the Burns Creek and one is integrated with the other and in view of the fact that the Burns Creek refers specifically on page 2 that they must refer to the Coordination Act—page 4 rather:

> In view of the fact that the Secretary may make such reasonable provision in connection with the Burns Creek development.

we cross out various words—

> unless upon further study of section 2 of the Fish and Wildlife Coordination Act he finds to be required for the conservation and development of fish and wildlife,

right at that point is where I suggest it be amended.

Mrs. PFOST. What line are you reading from?

Mr. BAUM. Page 4 of the Burns Creek bill.

Mrs. PFOST. Approximately what line?

Mr. BAUM. Yours may not be the same. I was reading from 10 down to 15 right at the end of 16, middle of 17.

Did you see the point? In other words, right at the end of development of fish and wildlife——

Mrs. PFOST. Of course, the amendment would have to be reworded to say the Burns Creek project.

Mr. BAUM. Yes.

Mrs. PFOST. However, I should think the amendment would be more restrictive if we spelled out in the language of the bill that Grays Lake storage would have to be authorized by Congress.

Mr. BAUM. You are going a little further than I am—going to more extremes. I think you are right if you wanted to tie it down. Absolutely, I agree with you. We were trying to be fair. We believe in irrigation and reclamation and we thought if we limited it just to Burns Creek Reservoir and immediate adjacent and contiguous lands that would be sufficient so the Department would say, "Well, we will beware."

I am afraid they are not going to beware because our Fish and Wildlife Service in Idaho have been boasting and say now if Burns Creek is passed we are there. I might say I started on Brays Lake in 1932, after I left the bench and that controversy came up between the Indian service and the settlers and that was worked out in a very satisfactory manner whereby we set as of a certain date elevation in lake, as of a certain date another elevation, and on down, and the Indian service has been very helpful.

I believe, I do not know, but I understand in an indirect way if you would ask the Indian service Fort Hall project, regional offices, you would find they would like to have some amendment made to

this bill. I do not make that as a fact, but through the grapevine and I think they are somewhat dissatisfied. Because we are trying to develop our Indians out there and we do not want their water rights monkeyed with.

Perhaps you people had occasion to see the Indians down here a year ago or so. And we have an unusual bunch of Indians and they are working out and they have elegant water rights, and Grays Lake is a wonderful place and it is transported without much loss of water. While I understand if you utilize the other water, the loss would be three to four times what it is now.

Mrs. PFOST. Judge Baum, in the event that we are able to spell out either as language in the bill or in the report sufficiently that Grays Lake will not be included in this legislation, then would you favor the Burns Creek project?

Mr. BAUM. I can answer that two ways: If you will read the report of the American Falls Reservoir written by Mr. Rockwell, whom you all know, you will see my name mentioned many times in that report as one of the believers in reclamation and irrigation, and answering your question, I can answer it affirmatively.

Mrs. PFOST. Thank you.

Mr. BAUM. We will indeed be glad if you think this present amendment is not ample, we will be glad to put in the words "Grays Lake" and leave it with you, if you will propose the amendment.

Mr. ROGERS. Thank you very much, Judge.

A rollcall has been announced so the subcommittee will stand in recess until 3:15 p.m.

(Whereupon, at 2:45 p.m., the committee was recessed, to reconvene at 3:15 p.m., the same day.)

Mr. ROGERS. The subcommittee will come to order.

Mr. Sanborn and Mr. Hogan.

Mr. SANBORN. Mr. Hogan will testify first.

Mr. ROGERS. Fine. There will be some more members here shortly.

STATEMENTS OF GROVER C. HOGAN AND HON. JOHN SANBORN

Mr. HOGAN. Mr. Chairman, my name is Grover Hogan. I am a livestockman from the southeastern part of Idaho. My address is Grace, Idaho.

I appreciate very much the opportunity to say just a word or two about our angle of this thing. And realizing that time is of the essence here, I have prepared a very brief statement which, with your permission, I would like to read.

Mr. ROGERS. You may do so, Mr. Hogan.

Before you do that, though, let me welcome both of you, and let me say that I understand Mr. John Sanborn is a former Member of the Congress.

As I understand, you served on this committee, did you not, Mr. Sanborn?

Mr. SANBORN. Yes, I did.

Mr. ROGERS. It is nice to see you back in this room, and I extend a welcome to both of you.

You may proceed.

Mr. HOGAN. I am representing here the Idaho Cattlemen's Association, which is a statewide association; also the Eastern Idaho Grazing

Association, with a membership of 150 members, leasing or owning 200,000 acres of land and owning 6,000 cattle and 75,000 head of sheep. Also, I am representing the Idaho Citizens' Grazing Association, with a membership of 80 members, owning 7,800 head of cattle and approximately 100,000 head of sheep.

The entire membership of the associations that I represent are solidly opposed to the creation of a bird refuge at Grays Lake. The creation of this refuge would very seriously impair the grazing future of the area adjacent to the proposed refuge.

We fully believe in the multiple use of Government and State public lands, and we are definitely opposed to any action that will take away that usage. And to prove that we believe in the multiple use of land, we are now allowing the multiple use of all the private land owned by the people that I represent. The sportsmen now have the privilege to fish and hunt without any restriction or expense on our privately owned lands.

We feel that under these conditions, the Fish and Wildlife Service should not expect the exclusive use of any of these public lands.

The livestockman, to be successful in his business, has to have a year-round setup for his operations, in order to make his business successful, and in our area there are several segments to that operation. We must have a spring range, a summer range, a fall range, and land to raise our hay, and a feeding area for the winter. The loss of any one of these segments would impair the whole operation to the extent that it would not be profitable.

The area in controversy is already a natural refuge for waterfowl during the nesting and rearing season, with plenty of water for that purpose. Most of the land adjacent to the proposed refuge is not used by the stockmen during the nesting and rearing period of the waterfowl, but is used later in the season; hence it is already an outstanding refuge under the present conditions.

We further believe that the water that would be used for the refuge is more important for reclamation purposes.

The organizations that I represent are in favor of the Burns Creek project as a reclamation project, but we are definitely opposed to the extensive powers in Senate bill 281 granted to the Secretary of the Interior in fish and wildlife measures. We recommend that Senate bill 281 be amended to limit the fish and wildlife development to the waters impounded back of the Burns Creek Dam itself and that no water be transferred directly or indirectly out of that project for bird refuge purposes.

Mr. ROGERS. Thank you, Mr. Hogan, for that very concise and good statement on the problem that is involved.

I notice you say here that you do not use these lands during the nesting and rearing period for waterfowl. How do you keep from using those lands? Have you got them fenced off? Have you got your own lands fenced?

Mr. HOGAN. I would say that our range operation includes, besides the private land that we own, State-owned lands; and that the land immediately around this proposed refuge are our private lands, principally. And during the early season we used the state land, which is away a little way from our private lands, and we keep our private lands in reserve for later in the season.

Mr. ROGERS. Are your private lands fenced?
Mr. HOGAN. Yes, sir. That is right.
Mr. ROGERS. Mrs. Pfost, did you have any questions?
Mrs. PFOST. No, Mr. Chairman. Thank you.
Mr. ROGERS. Mr. Sanborn, did you want to read your statement?
Mr. SANBORN. Yes, if you please.
Mr. ROGERS. If you will proceed with that, we will probably have some questions of both of you.

Mr. SANBORN. Mr. Chairman and members of the committee, I am John Sanborn, representing the Idaho Farm Bureau Federation. The Idaho Farm Bureau Federation is the largest farm organization in the State of Idaho and is composed of between 14,000 and 15,000 farm families out of a total of farm families in the State of around 31,000.

Incidentally, I was a member of this House committee from January 1947 to January 1951 during which time Mr. Aspinall, Mr. Saylor, and Mr. Baring joined the committee. In 1949, I introduced the Palisades project bill in the House, and in 1950 the Palisades project was authorized.

The Idaho Farm Bureau Federation is on record as approving a Burns Creek reregulating dam. It recognizes the need of such a dam to allow full production of power at the Palisades Dam and at the same time protect the canal systems farther down the Snake River from heavy and continuing damage which otherwise would be caused by the fluctuating surges of uneven releases of water through the Palisades powerplants, if maximum effort was made to meet peaking loads. So I have not been sent here to oppose S. 281 nor to argue its merits. I can say this: that many of us in Idaho believe that even 100,000 acre-feet of water is a previous thing if it is standing by ready to save hundreds of farmers in a drought emergency by adding a little to the shrinking water supply of each. And that is what I understand the storage is intended for.

People everywhere are realizing more and more the importance of water, but in the Snake River Valley it is life itself. In many ways the Snake River country is blessed with a wonderful supply of water but, even there, it must be developed and impounded and put to beneficial use before its value can be realized.

What I am here for is to join in the protests of those who fear the Fish and Wildlife Service is getting authority in S. 281 to take a large portion of that precious 100,000 acre-feet of water, if and when the Burns Creek project is authorized, to further its plans for a bird refuge at Grays Lake by trading this water for Indian reservation water rights in Grays Lake. You have heard the protests of those farmers and stockmen who would be adversely affected if the water level of Grays Lake were raised. It is not necessary for me to add more. It is a serious matter when a governmental agency may have designs that can destroy or seriously injure the economy of established people of a community. Also, such a plan might greatly impair the water rights of the reservation by changing water source and routing the water through a different channel.

It has been protested by those who advocate the bill, S. 281, in its present form that, undoubtedly, the Fish and Wildlife has no such

intentions and that the Interior Department has none either. Who can say for sure what the attitude will be next year or next? The one sure way is the amendment that has been proposed by these people limiting fish and wildlife conservation measures to the immediate region of the impounded waters back of Burns Creek Dam and lands immediately contiguous thereto. I respectfully urge your consideration of this amendment.

On behalf of the Idaho Farm Bureau Federation and of myself I, indeed, thank you for this opportunity to appear here.

Mr. ROGERS. Thank you.

Mr. SANBORN. And, Mr. Chairman, at this point, I would like to have inserted in the record three communications that I have here. One is from the Idaho Wool Growers Association, one from the Idaho Mining Association, and one from the Idaho Citizens Grazing Association of Soda Springs, Idaho.

Mr. ROGERS. How long are those communications?

Mr. SANBORN. All of them are very short. This is just one little page. The other two are just one page apiece.

Mr. ROGERS. I think those are the ones you showed me. Without objection, it will be so ordered. And at this same place in the record there will be inserted, without objection, a letter from the president of the Idaho State Reclamation Association.

(The communications referred to are as follows:)

IDAHO WOOL GROWERS ASSOCIATION,
Boise, Idaho, February 11, 1960.

To the Committee on Irrigation and Reclamation, Subcommittee of Interior and Insular Affairs:

Our attention has been directed to certain provisions of Senate bill 281, the Burns Creek project, that gives to the Secretary of Interior very wide discretionary and executive powers as to fish and wildlife conservation measures with that bill. These powers are not dependent upon further congressional actions. Burns Creek has received its support as a reclamation measure and bears the official stamp of approval of the Government and has had its major support in Washington before the Nation as a reclamation measure.

In the discretionary paragraph, powers granted to the Secretary without further action of Congress, relative to fish and wildlife conservation measures, we feel that there has been agitation and active support furnished to exchange Fort Hall Indian water rights on Grays Lake for lieu water rights in Burns Creek. Lieu water rights in Burns Creek would amount to 55,000 acre-feet, and probably more, of the total combined reclamation storage space of 100,000 acre-feet in that project. Besides this, the water to create a refuge on Grays Lake by obtaining Indian water rights thereof would flood many thousands of acres of private property and Indian and public domain. Upon the lands surrounding Grays Lake depends much of the livestock industry of southeastern Idaho.

In view of the fact that the exchange of the waters for those of Grays Lake, necessitating 55,000 acre-feet of storage in Burns Creek, the reclamation features of this project will be seriously imperiled. This would place a stigma upon reclamation in Washington, over the Nation, and on Idaho. Furthermore, it would hamper livestock operations and would put many of those engaged in the same out of business. In view of the fact that 65 percent of Idaho is controlled by the Federal Government, that no losses to fish and wildlife have been shown, either in Palisades or Burns Creek, it is urged that Senate bill 281 be amended so that fish and wildlife conservation measures at the discretion of the Secretary of the Interior would be limited to the impounded waters back of the Burns Creek Dam itself and to the contiguous lands thereof.

Sincerely,

IDAHO WOOL GROWERS ASSOCIATION,
WILBUR F. WILSON, *President.*

IDAHO MINING ASSOCIATION,
Boise, Idaho, February 10, 1960.

Representative WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House Office Building, Washington, D.C.

GENTLEMEN: The Idaho Mining Association recognizes the basic soundness of the principles of reclamation. It further recognizes that the Burns Creek project bears the stamp of approval for reclamation and has gained much of its support in the U.S. Senate and throughout the Nation as such.

Recently it has come to our attention that S. 281, the Burns Creek legislation now under consideration before this subcommittee, includes provisions granting to the Secretary of the Interior broad powers to carry out fish and wildlife conservation measures and supplemental activities without further act of Congress. It has further come to our attention that there is strong agitation and, in fact, well-developed plans to replace Fort Hall Indian water rights with lieu storage from Burns Creek.

Such replacement would make available the waters of Grays Lake for impounding and creating a bird refuge that would flood out 20,000 or more acres of currently productive, privately owned land. It would also remove this acreage permanently from oil and gas and mineral development, and would seriously damage the livestock economy.

The amount of lieu storage from Burns Creek that would be necessary to effect this bird-refuge project would be at least 55,000 acre-feet, leaving but 45,000 acre-feet for irrigation and reclamation from the total $48 million Burns Creek project.

Therefore, we strongly urge that S. 281 be amended to clearly state that fish and wildlife conservation projects carried out incident to the Burns Creek project shall be limited to the waters impounded in back of the Burns Creek Dam itself and to lands contiguous thereto. Such provision, we believe, is in keeping with established practices for fish and wildlife conservation measures in other multipurpose projects.

Respectfully submitted.

A. J. TESKE, *Secretary.*

SODA SPRINGS, IDAHO, *February 9, 1960.*

Mr. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee, Washington, D.C.

DEAR MR. ROGERS: The Idaho Citizens Grazing Association of Soda Springs, Idaho, being composed of 80 members, owning 6,787 head of cattle and 98,314 head of sheep, and in addition owning 7,099 acres of deeded land and leasing from the State of Idaho 86,597 acres of grazing lands, strongly recommend that Senate bill 281 be so amended that the fish and wildlife development referred to in Senate bill 281 be restricted to contiguous areas surrounding the Burns Creek Reservoir itself.

The grazing area that the members of the Idaho Citizens Grazing Association use is that area surrounding the headwaters of Willow Creek and Grays Lake, the same being contiguous to the forest reserve and is the source of great support to the livestock industry.

Very truly yours,

J. O. WALLACE,
President, Idaho Citizens Grazing Association.

Sworn and subscribed to before me this 9th day of February 1960.

[SEAL]

PAUL L. TIPTON,
Notary Public.

IDAHO STATE SENATE,
Boise, February 8, 1960.

HON. WALTER ROGERS,
Chairman of the Irrigation and Reclamation, Committee of the House of Representatives, House Office Building, Washington, D.C.

DEAR MR. ROGERS: As president of the Idaho State Reclamation Association and in view of the fact that our association has been placed on record as being in favor of the Burns Creek project on the Snake River in the State of Idaho, I

desire to inform you of certain elements in Senate bill 281 which has passed the Senate and is coming up for hearings before your committee.

Section 3(b) of the bill reads as follows: "The Secretary may make such reasonable provisions in connection with the Burns Creek development as, upon further study and in accordance with section 2 of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended; 16 U.S.C., secs., 661–662), he finds to be required for the conservation and development of fish and wildlife."

In reading section 2 of the Fish and Wildlife Coordination Act our interpretation is that it gives authority to the Secretary of the Interior in supplemental plans to do whatever he desires without going to the formality of seeking action from the Congress of the United States for its approval.

And, we have the opinion of two very reputable lawyers who back us up in our interpretation of the law as it is now written that if the Secretary of the Interior decided to use any specified amount of the storage water, primarily intended for irrigation purposes, from amount allocated to the Burns Creek project that this present law gives him the authority to do so.

Now then, our feeling is that the Burns Creek project has carried the label of an irrigation project from its very inception, and the storage therefore is at present overscribed for that purpose, and, we certainly do not want to find ourselves backing a project for irrigation purposes then quite suddenly be found in the position of apologizing to our people because the project has been promoted under the guise of irrigation but part of the water is being used for other purposes.

Please let me suggest an amendment to the bill as it is now written, providing for the firm protection of the interests for which it was originally intended. In my opinion if lines 10 to 22, inclusive, section 3(b), page 4 of the bill, were omitted it would be entirely satisfactory so far as the irrigation interests are concerned.

Permit me to assure you that we have confidence in you and in your committee and that you will give our suggestions due consideration.

Yours very truly,

FRED M. COOPER,
President, Idaho State Reclamation Association.

Mr. ROGERS. Mrs. Pfost, did you have some questions of Mr. Sanborn?

Mrs. PFOST. Thank you, Mr. Chairman. First I want to welcome the distinguished gentleman, who served the Second Congressional District in Idaho, Mr. Sanborn. I did not have the privilege of serving with him because he left this committee before I came to it.

Mr. Sanborn, would you favor the amendment applying to Grays Lake only so that confusion would be eliminated if other areas needed to be taken in downstream for wildlife purposes?

Mr. SANBORN. Of course, I am, first hand, concerned with the Grays Lake area, and I want that protected.

I do not know what they would be doing at this time. I believe that the amendment offered would take care of the situation, because it talks about the reservoir and the adjacent land, and it seems to me that that would take care of anything that this bill should cover—the immediate surroundings.

Mrs. PFOST. It is more restrictive, I believe, than it should be when you apply it to the area of the reservoir and contiguous and adjacent lands of Burns Creek. Maybe my interpretation is not correct.

Mr. SANBORN. Well, I believe that would be correct, that it would be exclusive, outside of anything that was not contiguous or close by the reservoir site.

Mrs. PFOST. Well, are you primarily interested, as you said a moment ago, in grazing?

Mr. SANBORN. Yes.

Mrs. PFOST. And if we should amend the measure or write in the report sufficiently strong language that the Grays Lake area shall not be affected by Burns Creek, will that satisfy you?

Mr. SANBORN. That should take care of the situation.

Mrs. PFOST. Thank you very much.

Mr. Hogan, we are happy to have you with us, and we do appreciate your fine statement.

Referring to the last sentence on the second page of your statement, you say that you want the bill amended to limit the fish and wildlife development to the waters impounded back of the Burns Creek Dam itself and that no water be transferred directly or indirectly out of the project for bird refuge purposes.

Now, may I ask you the same question: Would you be satisfied if we draft an amendment excluding Grays Lake so that you are protected in the Grays Lake area?

Mr. HOGAN. I think I understand your question, and I should have put another word on there respecting Grays Lake. That is the primary reason we are here. We have had quite a lot of trouble about this refuge for 10 years, now, and it keeps coming up, and we just do not want it, and we would like to get it taken care of once and for all, if we can.

Mrs. PFOST. Well, Judge Baum's amendment may be the best, after all. However, I just wanted to know what your opinion was.

Mr. HOGAN. I was just talking about the Grays Lake refuge. That is the only one.

Mrs. PFOST. Thank you very much.

Mr. BAUM. Mr. Chairman, I want to say this: During the recess I discussed very informally this proposed amendment; and, Mrs. Pfost, you may be right, and I will endeavor this evening to draft for the consideration of the committee a more limited amendment, and tie it specifically to Grays Lake. In other words, that is the desire of all the people that I represent. And we would be glad to get that to each member of the committee.

Mr. ROGERS. Gentlemen, thank you very much.

I want to say this: that I think you and Judge Baum and Mr. Smith have presented your problem very concisely and very well. I think the committee understands, and when the rest of the members are present we will be properly armed to discuss the situation.

We will go now to the proponent witnesses that have not been heard, and we will go right down the line, unless there has been some kind of an agreement between those proponents as to the manner in which they want to be heard.

STATEMENTS OF EDWIN H. PASKETT, M. M. HINTZE, HON. LEO J. HANDY, E. W. ROBERTS, ELNO DRANEY, AND R. J. HARPER

Mr. PASKET. We planned that we would sit together and go through the testimony.

Mr. ROGERS. Just as you stated this morning.

If you will, come forward, please, to the witness chair and identify yourselves for the reporter.

Mr. PASKETT. My name is Edwin H. Paskett, a farmer and petroleum products distributor in Malta, Idaho, and the president of the

board of directors of the Raft River Electric Cooperative and also the president of the Idaho Cooperative Utilities Association.

Mr. HINTZE. I am M. M. Hintze, from Mackay, Idaho, member of the board of directors of the Lost River Electric Cooperative, vice chairman of the Snake River Power Association, also a member of the Idaho State Reclamation Association, Inc.

Mr. HANDY. And I am Leo J. Handy, a member of the village board of Heyburn. I am State representative from the county of Minidoka, and I am also chairman of the Minidoka County Consolidated School Board.

Mr. ROBERTS. I am the manager of the Fall River Electric Cooperative in Ashton, Idaho. I have been manager for 18 years. It is located about 60 miles north of Palisades.

Mr. DRANEY. I am Elno Draney, manager of the Lower Valley Power & Light Association. I reside at Afton, Wyo.

Mr. HARPER. I am Rawlins J. Harper, and I reside in the upper Snake Valley. I am a stockman, chairman of the board of county commissioners of Cassia County, and chairman of the board of supervisors of the East Cassia Soil Conservation District, and treasurer of the board of supervisors of the Cassia Irrigation Co. I am also a representative of the Raft River Stake of the Church of Jesus Christ of Latter-day Saints.

Mr. ROGERS. Do each of you have separate statements?

Mr. PASKETT. We do.

Mr. ROGERS. Without objection, those statements will be included in the record at this point in full, in the order in which you have identified yourselves. That will keep the record straight. Then you may proceed briefly in that order.

(The statements referred to are as follows:)

STATEMENT OF EDWIN H. PASKETT

I am Edwin H. Paskett, a farmer and petroleum distributor in Malta, Idaho. At present I am the president of the board of directors of the Raft River Rural Electric Cooperative, Inc., also president of the Idaho Cooperative Utilities Association which represents some 40,000 voters throughout Idaho.

I feel it is not only an opportunity but also my duty to the people of Idaho and the whole Nation to submit testimony favoring the Burns Creek reclamation dual-purpose project known as Senate bill No. 281 and House bill No. 1235. The organizations which I represent, and I also heartily endorse the passing of this bill as the resolution will show.

As southern Idaho is largely a dry, arid section of this great Nation it is absolutely essential that it have an adequate water supply on Snake River projects, otherwise in the low-water years the population in those sections will suffer partial or total crop failures. In the areas lying adjacent to the Snake River, the agriculture is depending on the regular flow of small streams.

History shows that in the late growing season the water supply is very low if not gone. In these areas pump irrigation is necessary to complete the crops. The economy of this kind of an operation must have a low-cost power supply or it is not feasible.

Burns Creek can supply this type of power as the curve of the irrigation releases fit the needs of pumping.

If this project is approved it will greatly strengthen the supply of irrigation and culinary water in southern Idaho. There has been much question as to the need of it. I would take this opportunity to testify to you that there is a definite need for this project, and it was also planned at the time of the Palisades Dam.

I would also like to mention the electric energy that might be generated at that point. Since the drafting of this bill much has been said for and against this

subject. I must say that if this project is completed as the bill is drafted the preferred electrical customers of the Bureau of Reclamation in southern Idaho can consume all the firm power that might be generated at that point, thus the cry of the opposing private utilities is unfounded. The amount of energy available in firm power is relatively small in comparison to the load growth in this area.

I cannot understand the opposition to this project by the private utilities throughout this Nation. It seems that when one private utility starts to cry for help the cry is heard in every yard in the Nation. They all come to their aid whether they understand the problem or not.

Now, Honorable Chairman, may I appeal to you and your committee to approve this bill as drafted and recommended, do pass. This would weaken the great monopolistic trend that is choking this part of our great Nation's progress.

I thank you for your time and efforts in this matter.

STATEMENT OF M. M. HINTZE

I am M. M. Hintze from the Big Lost River Valley. Address: Mackay, Idaho, member of board of Lost River Electric Co-op; vice president of Snake River Power Association, and member of board of directors of Idaho State Reclamation Association.

I have farmed there all my life; therefore, I have a great interest in the economy of the valley.

We have, in Lost River Valley, about 30,000 acres of good farm land which hasn't enough water available except through pumping subteranean water, of which there is a good supply.

Since we have received Palisades power, some of the people have been able to pump enough additional water to secure themselves.

A large amount of power, such as that produced by Burns Creek, can very profitably be used in our valley for irrigation, and will substantially stabilize a sound economy for the whole valley.

I should like to submit to the committee Resolution No. 13 adopted by our Idaho State Reclamation Association, Inc., at its last annual meeting. Since it is short, I should like to read it.

I respectfully ask this committee to approve the legislation which will make it possible for Burns Creek to go ahead.

STATEMENT OF LEO J. HANDY

I am Leo J. Handy, Heyburn, Idaho. I am a member of the village board of Heyburn and Minidoka County State representative, and chairman of Minidoka County Consolidated School Board.

The village of Heyburn was incorporated in 1911 and has owned and operated its own electrical distribution system since 1922.

Our source of wholesale electrical energy from that time to the present has been the U.S. Bureau of Reclamation.

In the past 3 years agriculture processing plants have been built in the area with increased demands for electric energy. A new plant which is nearly completed, in the village of Heyburn, is the largest processing and freezing plant for potatoes in the world. It will employ 1,200 people and has a storage capacity of 14 million pounds of potatoes at zero temperature.

These plants have increased the village electric load from 600 kilowatts to over 1,400 kilowatts. The plants' managers have asked for 1900 kilowatts by October 1, 1961, and 2,600 kilowatts by October 1, 1963.

In addition to processed potatoes for human consumption a potato starch plant is in operation and a potato alcohol plant for Rocky Mountain Chemical Co. is under construction.

It has been publicized that the quality of the potato alcohol to be manufactured is in demand for use in our Government missile program.

The village population has grown 50 percent in the past 3 years and with the passing of a sewer bond last fall we have every reason to believe it will double in the next 2 years. This will increase the domestic demand for electric energy.

All of our agriculture crops are grown with the aid of irrigation; both by surface irrigation and water pumped from deep wells.

We believe the Burns Creek project is necessary to increase our upstream storage to insure our surface irrigators of a constant supply and to increase our sup-

ply of low-cost electric energy for the electric pump irrigation, this will stabilize our whole agricultural economy.

These are the reasons we the people of the village of Heyburn and Minidoka County, Idaho, strongly urge that this committee do favorably report this project and that the Congress do enact legislation for the construction of the Burns Creek project by the Bureau of Reclamation as provided for in Senate bill 281.

STATEMENT OF E. W. ROBERTS

My name is E. W. Roberts, manager of the Fall River Rural Electric Cooperative, Inc., located in Ashton, Idaho, roughly 60 miles due north of the proposed Burns Creek reregulating dam.

I started to work for the cooperative July 21, 1941. In 1945 I was made office manager and in July 1954 I was hired as manager of the cooperative.

The cooperative was organized December 12, 1938, by a group of farmers who could get central station power in no other way.

The objective of the cooperative is to give the very best service at the lowest possible cost, consistent with good management. We are endeavoring to get our rates equal to the surrounding power companies and not to under cut them.

We have an average billed membership of 1,532 members.

At the last two annual meetings our members backed the building of Burns Creek Dam.

At a board meeting February 9, 1960, I was instructed to testify and to file our statement favoring Senate bill No. 281 and H.R. 1235, authorizing the construction of Burns Creek Dam and hydro facilities.

The kilowatts load growth of the Fall River Rural Electric Cooperative, Inc., has been at the rate of 15 percent per year, during May through August, and 8 percent per year for the remaining 8 months. Our load estimates for 1964 are 7,507 kilowatts in the summer months and about 3,500 in the winter months. We will be short of power in the summer months in 1963.

Up until February of 1948 we purchased our wholesale power from the Utah Power & Light Co., at an average cost of 11 to 12 mills which is high for wholesale power. Their irrigation consumers bought it for less.

We were overjoyed when Palisades plant went on the line in February of 1957. The Palisades power was oversubscribed so the firm was contracted on the basis of estimated power required by 1960. Our allocation was 3,100 kilowatts during the summer months and 1,900 kilowatts of power in the winter months, that being the characteristics of our power load.

We would run out of power this summer if it hadn't been for the additional power made available recently by the Bureau of Reclamation getting a better Idaho power contract allowing for better coordination of the Bureau of Reclamation generation in southern Idaho.

I was amazed to find we had opposition on this project. On April 11, 1959, I wrote Senator Frank Church the following letter:

"DEAR SENATOR CHURCH: I have been reading in the newspaper about the opposition the Burns Creek project has run into with the Utah Power & Light Co., and NMC. I also note that Idaho Power Co is joining in the opposition. I cannot add much to your knowledge regarding the Burns Creek project. However, I feel I should write to let you know the power problem of the Fall River Rural Electric Cooperative, Inc.

"We have contracted for a peak of 3,100 kilowatts of power from Palisades project last year. Based on the average increase per year over the past 10 years our peak requirement will reach 3,465 kilowatts by next year. We have applications from prospective members for an additional 450 kilowatts. According to the Utah Power & Light Co. assertions that there is ample power in the area, they evidently expect us to buy from them. They bled us for 18 years. They evidently would like to do it again.

"Prior to Palisades power the Utah Power Co. could not keep the voltage high enough during our peak load to keep our members satisfied. We contacted the plant superintendent, who advised that they were doing all they could to help the voltage situation. It wasn't corrected until Palisades came on the line. We cannot promote the use of power until we have power to sell.

"I also want to point out that this cooperative to the best of my knowledge, has the highest rate of any power supplies in the State of Idaho. The only way we can cut our rates down in comparison to other companies is by the use of power. It cannot be done if we are priced out of the market.

"I wish to thank you for the time and effort spent in support of the Burns Creek project. I am sure if this drive is continued we are bound to win.

"Yours very truly."

Every year farmers are finding it more essential to sprinkle-irrigate on the farms to assure themselves of a crop. Even those who flood-irrigate are going to sprinklers to stop soil erosion. It would increase even more if we had plenty power at a cost which is fair and equitable.

I like to use the way our manager from Lost River puts it. "There isn't a shortage of anything if the price is high enough."

I am bringing this to your attention to show there is a market for the power to be generated at Burns Creek. We believe hydroelectric power is essential to water resource development.

Water on the land in this area is necessary to the farmer. Irrigation storage provided at Burns Creek could mean the difference between a crop harvest and a failure in a low water year. Burns Creek is designed to fit into the Palisades Reservoir to reregulate releases from the Palisades and provide for additional water storage and power generation.

We feel that Idaho needs a Federal project to bring its average earning standard up to the average level of the surrounding States. I understand Idaho is below the national average.

In view of the facts mentioned and according to Mr. H. T. Nelson's report on the Burns Creek Dam powerplant and reservoir, dated March 1956, shows the project is feasible and is an investment to the Government and will repay itself, the Fall River Electric Cooperative, Inc., Ashton, Idaho, endorses Senate bill No. 281 and H.R. 1235, authorizing the construction of Burns Creek Dam and hydro facilities and we sincerely solicit your honest support to this worthwhile project for Idaho.

STATEMENT OF ELNO DRANEY

I am Elno Draney, manager of the Lower Valley Power & Light, Inc., of Afton, Wyo., where I reside. We are serving some 2,700 member consumers in the western part of the State of Wyoming which includes the Grand Teton National Park.

Burns Creek power is of vital importance to our cooperative and to our member consumers, not only for the power which it will make available to us, but the conservation of water as well.

I am fully in sympathy with the Kemmerer, Wyo. coal miners in their economic plight as was presented in testimony by our Honorable Keith Thomson. I want to point out, however, that to my knowledge construction of the Burns Creek Dam will not prejudice construction of Utah Power's Kemmerer steamplant.

We too have some 2,700 member consumers who are dependent on Burns Creek for low cost power. Taking electric service into the rural areas of the States of Wyoming and Idaho has necessitated considerable investment and low cost power is of vital importance to us if we are to meet our obligations. With low cost power we will be able to bring in additional industry, necessitating further needs for the Kemmerer coal. No doubt our Honorable Keith Thomson was not aware of peoples needs in the northwestern part of the State of Wyoming when he presented testimony against Burns Creek.

Had we purchased power from an investor-owned utility adjacent to us it would have more than doubled our power costs, necessitating an increase in our rates which are already higher than the surrounding area.

I am not saying that we should look to the Federal Government for our power needs; I do feel that our natural water resources should be developed and the power from these resources should be utilized to do the most good for the people.

Mr. Chairman, I would like to read a letter addressed to you from the president of our board of directors and would appreciate your making this a part of the record.

Also, I would like to make available to you for the record two letters. One letter is dated March 25, 1959, addressed to the Honorable Joseph C. O'Mahoney from Carl Robinson, an Afton, Wyo. banker and Wyoming State senator. The second letter is dated March 25, 1959, and addressed to the Honorable Gale W. McGee, U.S. Senator from the mayor of Afton, Wyo. Both letters favor the Burns Creek project.

LOWER VALLEY POWER AND LIGHT, INC.,
Afton, Wyo., February 13, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation, House of Representatives, Washington, D.C.

DEAR MR. ROGERS: The board of directors of Lower Valley Power & Light, Inc., respectfully urge your committee to take favorable action on the Burns Creek bill completing the Palisades project.

Construction of the Burns Creek reregulating dam and power facilities plays a vital part in the future of our cooperative. Not only will Burns Creek provide us with the power which our cooperative will need so vitally by the time the dam can be constructed, it will provide water conservation and recreation for our ever increasing population.

Our serving the Grand Teton National Park area with electric service has necessitated large investments in transmission and distribution line facilities. An additional supply of low cost power, which the Burns Creek project will bring, certainly is of vital importance to us if we are to continue to serve our member consumers and those who visit the park with service that they can afford to pay for. To purchase power from sources other than from the U.S. Bureau of Reclamation would more than double our power costs.

Again, we respectfully urge your committee to take favorable action.

Yours very truly,

LOWER VALLEY & LIGHT, INC.,
ORSON E. JOHNSON,
President.

LOWER VALLEY POWER & LIGHT CO., INC.
Afton, Wyo., March 24, 1959.

Hon. JOSEPH C. O'MAHONEY,
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR JOE: A followup of our telephone conversation I am enclosing material indicating the dire need of power for the Lower Valley Power & Light, Inc. (REA), serving Star Valley, Jackson Hole, Teton Park, and part of Sublette County all in Wyoming, also Swan Valley and Grays Lake area in Idaho.

Up until 1953 the cooperative generated its own power. Since that time it has been receiving additional power from the Palisades Dam under contract with the U.S. Bureau of Reclamation. For the year 1958 as you will note from exhibit A attached, the cooperative purchased from the Bureau approximately one-third of their power needs. For the months of January and February of this year, they exceeded their contract with the Bureau by some 25,200 and 75,000 kilowatt-hours.

The firm power being generated at the Palisades plant has been divided amongst four preference consumers, city of Idaho Falls, Lower Valley Power & Light, Inc., Lost River Rural Electric, and Fall River Rural Electric. The division of power is as shown on exhibit B. From exhibit B1 you will note the Bureau of Reclamation has no more firm power to allocate.

You will note from exhibit C that by 1960 Lower Valley Power will have to purchase approximately 928,600 kilowatt-hours from other source. By 1970, they expect to purchase 16,061,600 kilowatt-hours. If the proposed Burns Creek Dam and plant is not authorized, the only other source of power for the cooperative is from Utah Power & Light Co. Had the cooperative purchased the power from Utah Power & Light which they received during 1958 from USBR, it would have cost them $102,108.61 instead of the $44,760.48 which they paid the Bureau as shown on exhibit D. Other comparisons are shown on exhibit C.

It is my understanding from Mr. Elno Draney, manager of our cooperative, that practically all of the output of the proposed Burns Creek Dam can be consumed by the preference customers in the southeastern part of Idaho and our cooperative. Further information to this effect, I understand, has been mailed to your office by a Mr. Ed Schlender, secretary of the Snake River Power Association, of which our cooperative is a member.

From this information I am sure you can realize how important the Burns Creek Dam is to this area of Wyoming and adjacent Idaho. I am unable to reconcile the opposition of Flatt Wilson and maybe others in the Kemmerer area to the Burns Creek project. It seems to me both are supported by a real need. Wyoming or Lower Valley Power & Light, Inc. (REA), as I understand would receive the first allotment of power from this project.

Forced to buy from Utah Power & Light or other power companies would increase cost to consumers to an extent that could easily hazard repayment of REA loan and make the service to some potential users impossible. I suggest that the Wyoming congressional delegation marshal the Idaho delegation to the support of this project and together do everything possible to get an appropriation for the Burns Creek project. I am sure the people of the area served by Lower Valley Power & Light, Inc. (REA) will be eternally grateful to those who make this possible.

With kind personal regards and best wishes,

Sincerely yours,

CARL ROBINSON,
Vice President and Cashier.

Energy consumption and power supply, Lower Valley Power & Light, Inc.

Total energy (kilowatt-hours)	Actual				
	1954	1955	1956	1957	1958
Consumption	14,378,600	17,493,904	19,544,150	22,779,359	23,420,160
Power supply:					
Generated in own hydroplants	12,613,100	11,795,704	16,579,000	16,668,634	16,205,060
Purchased from U.S. Bureau of Reclamation	1,765,500	5,698,200	3,389,250	6,110,725	7,215,100
Total generated and purchased power	14,378,600	17,493,904	19,544,150	22,779,359	23,420,160

EXHIBIT B

Division of Palisades firm power

	Idaho Falls		Lower Valley		Lost River		Fall River		Total	
	Average megawatts	1,000 kilowatt-hours	Average megawatts	1,000 kilowatt-hours	Average megawatts	1,000 kilowatt-hours	Average megawatts	1,000 kilowatt-hours	Average megawatts	1,000 kilowatt-hours
October	10.2	7,588.8	1.3	967.2	2.6	1,934.4	0.9	669.6	15	11,160
November	10.2	7,344.0	1.3	936.0	2.6	1,872.0	.9	648.0	15	10,800
December	10.2	7,588.8	1.3	967.2	2.6	1,934.4	.9	669.6	15	11,160
January	10.2	7,588.8	1.3	967.2	2.6	1,934.4	.9	669.6	15	11,160
February:										
28 days	10.2	6,854.4	1.3	873.6	2.6	1,747.2	.9	604.8	15	10,080
29 days	10.2	7,099.2	1.3	904.8	2.6	1,809.6	.9	626.4	15	10,440
March	10.2	7,588.8	1.3	967.2	2.6	1,934.4	.9	669.6	15	11,160
April	10.2	7,344.0	1.3	936.0	2.6	1,872.0	.9	648.0	15	10,800
May	9.2	6,844.8	1.1	818.4	3.0	2,232.0	1.7	1,264.8	15	11,160
June	9.2	6,624.0	1.1	792.0	3.0	2,160.0	1.7	1,224.0	15	10,800
July	9.2	6,844.8	1.1	818.4	3.0	2,232.0	1.7	1,264.8	15	11,160
August	9.2	6,844.8	1.1	818.4	3.0	2,232.0	1.7	1,264.8	15	11,160
September	9.2	6,624.0	1.1	792.0	3.0	2,160.0	1.7	1,224.0	15	10,800
Total	------	92,779.2	------	11,558.4	------	26,054.4	------	11,448.0	------	141,840

EXHIBIT B1

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
REGIONAL OFFICE, REGION 1,
Boise, Idaho, May 29, 1953.

Mr. ERNEST BROG,
President, Lower Valley Power & Light, Inc.,
Freedom, Wyo.

DEAR MR. BROG: Under your contract with the United States, dated June 1, 1949 (174r–1006), you have indicated your intention to purchase power and energy from the Palisades project when such power and energy become available. Similar contracts have been made with others, so that the existing contracts, exclusive of power required for Bureau projects, now cover 18,000 kilowatts, as follows:

	Contract demand kilowatts
City of Idaho Falls	15,000
Fall River Rural Electric Cooperative, Inc	1,000
Lower Valley Power & Light, Inc	1,500
Lost River Electric Cooperative, Inc	500
Total	18,000

Subsequent to the execution of the contract, you have indicated a desire to purchase more power from the project if available, and similar requests for more power and energy have likewise been received from the other contractors.

We would like to be able to accommodate all of the requests for more power, but that is not possible. Of particular urgency at the moment is the necessity to advise you what maximum amounts of power and energy could be assigned to you for the reason that such information is required in connection with your application to the Federal Power Commission for approval of the plan to enlarge your service area.

To analyze this problem, we have prepared the enclosed tabulations 2 and 3 showing the load estimates we have made, based upon the data you and the others have furnished to us. As may be seen from examination of the tabulation, it appears that we could increase our present commitments for firm peaking power, but Palisades is limited in energy during August to April, inclusive. The obvious solution as we see it would be to reach agreements among the several contractors under which each would agree to maximum monthly energy figures as well as a maximum demand. By such a procedure, we believe that each contractor can obtain some increase in his contract demand.

For your information, there is also enclosed a tabulation 1–B showing the derivation of our estimate of your future power requirements. Obviously, the estimates of your monthly power and energy requirements from Palisades have an important bearing upon the conclusions to be reached from the enclosed tabulations 2 and 3. You should review them carefully and advise us of your comments.

To facilitate resolution of this problem, we should like to suggest that representatives of the city of Idaho Falls, the Lower Valley Power & Light, Inc., the Fall River Rural Electric Cooperative, Inc., the Lost River Electric Cooperative, Inc., and the Bureau of Reclamation meet at Idaho Falls, June 9, 1953, at 10 a.m., to arrive at a mutually acceptable distribution of Palisades firm power and energy. Please advise us whether you can attend the proposed meeting.

Similar letters are being furnished to the city of Idaho Falls, the Lost River Electric Cooperative, Inc., and the Fall River Rural Electric Cooperative, Inc.

Very truly yours,

F. M. CLINTON, *Acting Regional Director.*

EXHIBIT C

Estimated energy requirements, Lower Valley Power & Light, Inc.

	1960	1962	1964	1966	1968	1970
Estimated energy: Requirements (kilowatt-hours)	26,267,000	28,797,000	31,629,000	34,465,000	37,900,000	41,400,000
Power source:						
Estimated generation in own system hydroplants (kilowatt-hours)	13,780,000	13,780,000	13,780,000	13,780,000	13,780,000	13,780,000
Purchase from USBR (kilowatt-hours)	11,558,400	11,558,400	11,558,400	11,558,400	11,558,400	11,558,400
Total generated and purchased power (kilowatt-hours)	25,338,400	25,338,400	25,338,400	25,338,400	25,338,400	25,338,400
Additional power needed (kilowatt-hours)	928,600	3,458,600	6,290,600	9,126,600	12,561,600	16,061,600
Estimated cost if additional power needed is purchased from the USBR, rate schedule R1-S2	$5,283	$19,679	$35,793	$51,930	$71,472	$91,390
Estimated cost if purchased from Utah Power & Light Co. under rate schedule No. 16	$12,053	$44,892	$81,651	$118,463	$163,049	$208,479

EXHIBIT D

Billing comparison, Lower Valley Power & Light, Inc.

1958	Kilowatt-hours	Kilowatt demand	Net bill [1]	Schedule No. 16 [2]
January	791,550	2,592	$4,005.91	$9,506.87
February	629,100	2,125	3,557.24	7,680.40
March	677,500	1,970	3,551.19	7,739.25
April	633,400	1,790	3,173.14	7,155.60
May	328,000	1,590	2,300.00	4,840.50
June	470,350	2,215	3,113.56	6,632.03
July	728,250	2,640	4,479.77	9,669.63
August	759,100	2,810	4,494.07	9,655.65
September	659,750	2,490	4,157.05	8,976.88
October	556,600	2,230	3,419.53	7,382.40
November	715,000	2,740	4,229.87	9,253.50
December	914,900	2,410	4,279.15	10,008.35
Total			44,760.48	98,501.06
Plus wheeling charge from Goshen to Palisades				3,607.55
Total			44,760.48	102,108.61

[1] As billed by U.S. Bureau of Reclamation, schedule R1-S2.
[2] This is what power would have cost had it been purchased from Utah Power & Light Co.

MARCH 25, 1959.

Hon. GALE W. MCGEE,
U.S. Senator, Washington, D.C.

DEAR GALE: We in the Star Valley area have strong feelings that the Burns Creek Dam site on the Snake River should be completed.

In the very near future the Lower Valley Power & Light, Inc., will have to procure additional power, based on conservative estimates. It is my understanding that all of the Palisades power is allocated. If the above firm were to purchase additional power, it would have to be purchased from the Utah Power & Light Co. The power cost plus "wheeling" charges to bring it to Lower Valley's distribution system would make the energy more than 2½ times the cost of the Palisades power they are presently buying.

As you are perhaps aware, the above firm serves all of the Star Valley, Jackson Hole, Moran areas, as well as the Swan Valley and Greys Lake areas of Idaho. Since they serve many people in outlying areas that private companies wouldn't, you can readily see that they have high distribution costs. It would be crippling if more power does not become available at rates comparable to the Palisades power. They could not serve our areas with bearable rates on Utah Power & Light energy.

I am sure our area is only representative of the power needs of other rural areas.

You no doubt have been informed by labor and other interests in the Kemmerer vicinities that should the Burns Creek Dam be built, Utah Power & Light Co. would not complete their proposed plant in the Kemmerer area. I am sure that you will agree this is only a bluff, as this firm has already made sizable investment in acquisitions for the purpose of their plant. I have no fear at all that the building of the Burns Creek Dam will defeat or even delay the proposed Kemmerer plant of the Utah Power & Light Co.

In the interest of acute power shortage and badly needed employment in our immediate area, I sincerely solicit your support for this needed project. It certainly is in accord with your very excellent Senate address on "Western Responsibility in the Nation's Future."

With kind personal regards, I am

Yours very truly,

DOYLE F. CHILD,
Mayor, Town of Afton.

STATEMENT OF RAWLINS J. HARPER

I am Rawlins J. Harper. I reside in Raft River Valley where I have ranched and farmed all my life.

I am a Republican chairman of boards of county commissioner of Cassia County. I am also chairman of the board of supervisors of East Cassia Soil Conservation District. I am treasurer of the board of supervisors of the

Cassia Creek Irrigation Co. I am also the first counselor of the presidency of the Raft River Stake of the Church of Jesus Christ of the Latter-day Saints.

A statement from the Raft River Stake endorsing Burns Creek project is attached here and a resolution in support of the project from board of commissioners of Cassia County is also attached. The reason for our interest in the Burns Creek project is that practically all of the richly productive development of Cassia County depends on irrigation supplied by electric pumping, either from the Snake River itself or by deep well pumping. Practically the whole county depends on the Bureau of Reclamation for their power supply.

The assessed valuation of our county is in excess of $14 million of which at least 95 percent is derived from agriculture and livestock.

In the years of 1934 and 1935 this area suffered tremendous damage as the result of a low water year in the upper Snake River and its tributaries. If such a water year should reoccur with the great increase of developments since 1934, the damage would be incalculable.

Conditions at this very moment indicate that 1960 could be such a year. Burns Creek project, if constructed, can relieve this fear of impending disaster by the 100,000 acre-feet of insurance storage on the river and by the additional generating capacity to supply us with low cost power for pumping of irrigation water.

I am authorized by the four organizations I mentioned before and the Republican Cassia County central committee to appear before this committee and to urge you and the Congress to take whatever action is necessary to make the Burns Creek project possible.

We the representatives of the Raft River Stake of the Church of Jesus Christ of the Latter-day Saints do urge that the Burns Creek project be constructed by the U.S. Bureau of Reclamation as provided for in Senate bill 281 as a vital and necessary development of water resources in the upper Snake River.

Respectfully submitted.

RAWLINS J. HARPER,
First Counselor of Presidency.
EDWIN H. PASKETT,
Clerk of Raft River Presidency.

COUNTY OF CASSIA, IDAHO,
Burley, February 8, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: The following resolution was adopted by the Board of County Commissioners of Cassia County, Idaho, on a motion made by Commissioner J. Weldon Beck, and seconded by Commissioner John A. Clark, and unanimously passed in regular session on February 8, 1960.

"RESOLUTION

"We are in favor of the Burns Creek project as proposed in House bill 1235 to be constructed and operated by the Bureau of Reclamation.

"The economy and development of our entire county depends upon irrigation both by surface water and deep-well pumping. Burns Creek will provide extra storage for our surface irrigation and low-cost power which is essential for deep-well pumping.

"Therefore we feel that Burns Creek is a very necessary project to stabilize our economy and provide for future orderly development."

Very truly yours,

R. J. HARPER,
Chairman, Board of County Commissioners.

Mr. ROGERS. Mr. Paskett, will you go first?

Mr. PASKETT. First, I would like to place a letter from our State representative, Vard Chatburn, for reading into the record.

Mr. ROGERS. Is that a relatively short letter?

Mr. PASKETT. It is a one-page letter.

Mr. ROGERS. Without objection, it is so ordered.

(The letter referred to is as follows:)

HOUSE OF REPRESENTATIVES,
STATE OF IDAHO,
Boise, February 11, 1960.

DEAR EDWIN: Pursuant to our conversation, I am enclosing part of a letter I wrote to Budge which will probably suffice as testimony.

I would like to avail myself of the opportunity of voicing my opinion on matters concerning and in support of the Burns Creek Reservoir. While in speaking for myself I know my constituents of Cassia County are in agreement. As you are well aware this was not the case when legislation was proposed to build a Federal dam in Hells Canyon.

Irrigation is the lifeblood of our area, whether it be from surface streams or drilled wells. Into this picture the Burns Creek Reservoir fits perfectly since it will insure surface stream water to finish a crop should we have another drought and will insure power for pumping our wells should we encounter another shortage of power as we did prior to the building of the Palisades Dam. During that period of shortage my electrical rate had to be increased 15 percent to pay wheeling charges to the Idaho Power Co. What with all our production costs mounting we are fearful least we again be faced with a similar wheeling charge. These fears are substantiated by a growth rate that indicates we will have again reached a point of utilization of electricity by 1963 or 1964, where it would be possible and probable, in my opinion, to again be faced with a shortage of power.

Burns Creek should be considered as a unit of Palisades as originally planned, and as such needs to be built in order that Palisades function to the best of its ability. Burns Creek's paramount importance as a regulating reservoir for proper irrigation water level control, as insurance for water in case of drought and nearly doubling the electrical output make it duly justifiable. Congress should allow this worthwhile project thus enabling the people to get the most from the money already expended.

Yours truly,

J. VARD CHATBURN.

Mr. PASKETT. I also have testimony of Alex Radin, who was unable to be here. He would like to have it incorporated into the record.

Mr. ROGERS. Without objection, Mr. Radin's testimony or statement will be received following the testimony of this group of witnesses.

Mr. PASKETT. As has been brought out, the southern part of Idaho is a dry, arid district in Idaho and depends largely upon the irrigation of the lands for productivity.

There are some areas which are irrigated through the Snake River Valley, through the waters of the Snake. Adjacent to it are small streams. These small streams are in greater part early run of the snowfall, and in the late growing season they usually are very low, if not dried up.

That makes it necessary for supplemental water, through pump irrigation.

Now, there are a few points that I feel I should clarify.

There was a statement made here yesterday that 7 to 8 mills per kilowatt was what the farmers under Utah Power & Light were paying for electrical energy for pumping, after the tax rollback was considered.

I would like to make that clear. I do not think the witness wanted it left up that way.

This is not considered in the rate. That tax rollback is a tax consideration made to the Utah Power & Light Co. for those taxes which are for the lines used in pumping purposes. As the electricity is put on the land, the land developed, the assessed valuation rises in that land. Therefore, there is a consideration in taxes to the Utah Power & Light, considering they pay it back to the pumper, and that should not be considered in the rate at all.

I also have a paper clipping here, which was sent to me by airmail. It is from the Idaho State Journal, Thursday, February 11, 1960. We heard some of the losses that were sustained through the development of Palisades. This is a short statement here in the paper. It comes under two parts. I would only like to read four or five lines.

Utah Power & Light Co. reports it had a net income of $9,062,375, or $1.85 a share during 1959. This was a 6-percent increase over the next income of 1958.

I would like that incorporated into the minutes, if possible.

Mr. ROGERS. You have read from the article. A newspaper article I think would not be proper for the record. We would be glad to receive it for the file.

Mr. PASKETT. There is one other point that has not been brought out here. According to my information, through integration, there is 25,000 acre-feet of water that is storage in Burns Creek, of the 100,000 for irrigation that will be used on a year-to-year basis.

It has been reported here that it would be used possibly three times in 50 years. There is 25,000 through integration that will be used on a year-to-year basis.

And there is one other point I would like brought out. The weather conditions of this year can well be a 1934 or 1935 problem.

In meeting with the Department of Reclamation, which is the administrative body of irrigation in Idaho, 2 weeks ago they stated that as of February 1 that we had a 45-percent water supply for this year.

The reservoirs on the Snake, the Boise River, have storage that will carry them through this year, but with no surplus at the end.

Our load growth in that area is very fast. It has been stated here that there were 90,000 kilowatts of power proposed at Burns Creek. In our cooperative, we have a load growth of 20 percent. And as this installation is completed, the load growth will pretty much keep up to it.

It has been reported that there is no shortage of power in that area, which is true at the moment. Before Palisades came in, we were paying a 15-percent surcharge for buying power through Idaho Power Co. lines.

Mr. ROGERS. Paying how much?

Mr. PASKETT. 15 percent surcharge to the Bureau of Reclamation.

When Palisades came in, that relieved the problem. By the time the last generator was put on the line, we had already exceeded our contract again. Through negotiating and integration with Idaho Power and the Bureau through an exchange agreement, we acquired 30,000 more, which is going to hold us until 1963.

It has been stated here in testimony that in the power industry they always looked ahead. If Burns Creek were to be approved now, we would be out of power by that time, by the time it was on the line.

It is true that there are other suppliers in the area. We have been negotiating with one and spent much time during the time we were hard pressed, before Palisades came on the line, but we could not get it at a rate reasonable enough to pump under the conditions that we are under.

I believe that is all that I have right now.

Mr. ROGERS. Thank you, Mr. Paskett.

Do you have any questions, Mrs. Pfost?

Mr. Ullman?

Mr. ULLMAN. Very briefly, Mr. Paskett, I was interested in this 25,000 acre-feet. It was stated here that the 100,000 was to be used only in the unseasonally dry years, maybe three times out of a hundred. Now, what you are saying is that that is not correct, that there will be 25,000 acre-feet used every year, and that the full 100,000 will be available for use in the dry years?

Mr. PASKETT. That is correct.

Mr. ULLMAN. I am glad to have that in the record; and also the fact that this could be one of those dry years.

Mr. PASKETT. The way things look right now, it is possible. The snow supply is very low, right now.

Mr. ULLMAN. Have you ever approached any of the power companies in your area, either Idaho or Utah, as to the availability and price of power?

Mr. PASKETT. We have. We have done quite a lot of negotiating with the Idaho Power Co.

Mr. ULLMAN. Have you ever been given a price, been quoted a price?

Mr. PASKETT. We have been quoted a price. In Idaho there is not a published wholesale rate on Idaho power. They have taken each individual case, put it before the utility commission, and arrived at a price in that way.

Mr. ULLMAN. Were you given a price?

Mr. PASKETT. We were.

Mr. ULLMAN. What was that?

Mr. PASKETT. The way the price figures out is between 9 and 10 mills, as near as we can figure, for what our use would be on it.

Mr. ULLMAN. Compared with what cost or similar power to the Bureau of Reclamation?

Mr. PASKETT. Approximately 5 mills.

Mr. ULLMAN. Approximately 5. In other words, about double.

Mr. PASKETT. Almost.

Mr. ULLMAN. What would that kind of a power rate do to your system?

Mr. PASKETT. There are many of our pumping projects that would be closed down.

Mr. ULLMAN. I think we were told they sold to irrigators for 7 mills. Do you mean they are quoting a higher price on a wholesale rate than they are actually giving on a retail rate to the farmers?

Mr. PASKETT. I am glad you asked that question, because that in fact is what is happening. At one time, when we were negotiating with Idaho Power, we requested that we be put on their regular pump rate, and they rejected that and said that that was a subsidized rate and they could not give us a subsidized rate for wholesale power.

Mr. ULLMAN. And if you do not get Burns Creek, as I understand your testimony, come 1963, then you are going to be completely at the mercy of the power company as a source of supply; is that correct?

Mr. PASKETT. At the present time, that is the way it looks. They will be the only source of supply available to us.

Mr. ULLMAN. In a way, they are competitors, are they not?

Mr. PASKETT. Correct.

Mr. ULLMAN. So you would have to rely on them, and you have no assurance that you could get the electricity, certainly at less than 10 mills?

Mr. PASKETT. That is right.

Mr. ULLMAN. That is all.

Mr. ROGERS. Mr. Hintze, you may proceed.

Mr. HINTZE. Mr. Chairman, I have some short statements here from various organizations and people in my locality that I would like to have made part of the record.

Mr. ROGERS. What are those statements, Mr. Hintze?

Mr. HINTZE. They are just short statements on Burns Creek, one from the chairman of the Salmon River Electric, one from our county commissioner, one from our mayor of Mackay, one from our mayor of Moore, one from our Big Lost River Irrigation District, and one from a groceryman in Moore, and another one from the manager of the Lost River Electric, Mackay, Idaho.

Mr. ROGERS. They are all short?

Mr. HINTZE. They are all short. And then I have a lengthy report here from the new West Side Irrigation Corp. They are trying to get underway on the west side of Idaho Falls. They have gone to great length to make this up, and they wish it to become part of the record. They are a new co-op, a 100 percent irrigation co-op.

Mr. ROGERS. How long is that statement?

Mr. HINTZE. Well, there are six or eight pages, and maps, and so on.

Mr. ROGERS. Without objection, the letters and communications you listed will be received for the record.

(The communications referred to follow:)

SALMON RIVER ELECTRIC COOPERATIVE, INC.,
Challis, Idaho, February 10, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation, Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR SIR: At a recent meeting of the board of directors of the Salmon River Electric Cooperative, Challis, Idaho, the following resolution was adopted:

Resolved, That the Salmon River Electric Cooperative support proposed legislation of the construction of the Burns Creek Dam project, Senate bill 281, in order to provide more irrigation and electric power generation facilities.

A great shortage of electric power already exists, the future of the electric cooperatives, who are serving the rural areas, depends on the availability of firm power allocations.

With the construction of the Burns Creek project the situation would be greatly improved, and would allow the electric cooperatives, the farmers, and ranchers to make plans for the future.

Very truly yours,

M. R. LITERAL, *President.*

Refer to Senate bill 281.

Hon. WALTER ROGERS,
Chairman of the Irrigation and Reclamation Subcommittee,
House of Representatives:

I am Russell Anderson, county commissioner of Custer County. I have resided in the Lost River Valley, at Mackay, Idaho, for 20 years, where my brothers and I have farmed and raised both range cattle and dairy herds. I am familiar with the needs of this part of the State. One of our worst hazards here is the lack of a necessary supply of water to assure us a crop from year to year.

Therefore I am in favor and urge Senate bill 281 to become law. We need Burns Creek reregulating dam to supply us with a reasonable supply and rate of electricity so that we can raise the underground water to the surface. This will stabilize our operations.

It sounds kind of silly to me that we should have to depend on the coal miners of Wyoming to make high-cost electricity for us to buy, when the low-cost electricity its running down the river practically in our own backyards. Yet this is what our opponents want us to do.

RUSSELL C. ANDERSON.

VILLAGE OF MACKAY, IDAHO,
February 10, 1960.

Hon. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We urge the passage of Senate bill 281 (construction of Burns Creek Dam on the upper Snake River in Idaho).

It is our understanding that by the construction of this dam some 90,000 kilowatts of electricity for purchase by rural electric and other nonprofit wholesale power customers will be available.

We have within our valley some 20,000 acres of good tillable soil that can be irrigated through pumping if source of power at an average seasonal cost to the farmer can be obtained.

If this Federal hydroelectric plant is approved by the House of Representatives it will provide pumping rates at one-half the cost of private power company rates within our area. Therefore if S. 281 becomes law, it will provide homes and a good living for some 50 additional families in our sparsely settled community, which in turn would greatly improve the economic situation within our village.

Very sincerely yours,

VILLAGE OF MACKAY,
By HILMER LINDBURG, *Mayor.*

MOORE, IDAHO, *February 11, 1960.*

Re Senate bill No. 281.

Hon. WALTER ROGERS,
Chairman of Irrigation and Reclamation Subcommittee,
House of Representatives, Washington, D.C.

DEAR SIR: I consider it a great honor and privilege to be asked to write to such a distinguished and important person as yourself.

Realizing your time is of extreme value and importance, I feel I should get right to the point.

Recalling the above-stated Senate bill No. 281 in regard to Burns Creek Dam, it seems that it should be most logical and important that this dam should come into existence as a great means for additional flood control as well as a very much needed additional power supply.

Inasmuch as our natural resources, such as coal and oil, are very rapidly diminishing from the face of the earth, do you not readily agree that we should make the most of those that do not diminish from year to year?

In our particular locality we are faced with a grave situation of having to pump much of our irrigation water, which to we farmers is a very costly and sometimes unprofitable operation.

This dam would supply us with a much needed additional power supply and reduce rates in the future, which is of utmost importance to the farmers all over this area.

We would greatly appreciate your cooperation and efforts to see this dam become a reality.

I sincerely thank you for your time and consideration in this matter.

Respectfully yours,

BUD GAMETT, *Mayor of Village of Moore.*

BIG LOST RIVER IRRIGATION DISTRICT,
Mackay, Idaho, February 11, 1960.

Hon. WALTER ROGERS,
Chairman, Irrigation Reclamation Subcommittee,
House of Representatives,
Washington, D.C.

DEAR SIR: This is a statement of the Big Lost River Irrigation District, whose office address is Mackay, Idaho.

We would like to go on record as voting in favor of the Burns Creek project.

The interest of the people in this valley is electricity at a lower rate. Looking at our future needs in this respect, we support this development.

Sincerely,

RICHARD C. ROTHWELL, *President.*

MOORE, IDAHO, *February 11, 1960.*

Hon. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee,
House of Representatives,
Washington, D.C.

MR. CHAIRMAN: I am vitally interested in the Burns Creek Dam, Senate bill 281, since I own and operate a general merchandise store here in the heart of the Big Lost River Valley and am well acquainted with the irrigation problems of the farmers of this area who are my customers and friends.

Many of the farmers supplement their water rights—and some of them irrigate entirely—with water pumped from deep wells and they need a dependable low-cost electricity with which to pump the water.

The farmers of this valley are being served by the Lost River Electric Cooperative and the power comes from Palisades Dam which is upstream from the proposed Burns Creek Dam.

In a few short years the block of power allocated at present to the Lost River Electric Cooperative from the Palisades Dam will not be enough to take care of the needs of this valley and I believe the Burns Creek Dam will be the answer to that future need.

Sincerely yours,

ELDRED L. BRAITHWITE,
Valley Mercantile.

LOST RIVER ELECTRIC COOPERATIVE, INC.,
Mackay, Idaho, February 10, 1960.

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation,
Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. ROGERS: My name is Al M. Kaasen. I am manager of the Lost River Electric Cooperative, Inc. an REA financed electric distribution cooperative serving some 1,000 members in the Lost River Valley with headquarters in Mackay, Idaho.

We strongly urge Burns Creek project be built because of the great public benefits this project will bring to our area.

For many years our system growth was slow and our people were unable to use electricity to the best of their interests, more particularly to irrigate due to the high costs of wholesale power.

Shortly after we began to receive Bureau of Reclamation power and we were able to give our people a better rate there was a great increase in its usage; it placed our people in a favorable living environment by the use of electric cooking, water heating, and all general purposes plus a rate that irrigation was made practicable.

We had many ranches and farms that by not having enough water from our small dam and reservoir, on Lost River were submarginal operations. With a rate whereby people could pump underground water, we are finding these ranches and farms are now in a favorable economic situation.

When people find they can pump from underground sources on an economical basis, we find the demands are increasing to a point that by 1960 or 1961 we will be up to or over our contract with the Bureau of Reclamation.

Studies show that ultimately we can use about 10,000 kilowatts for irrigation power at rates based on the cost of Burns Creek power.

A parallel situation exists in the service area of other cooperatives located in eastern Idaho.

Indirect irrigation by use of power produced with falling water that is used for direct irrigation is indeed, in my mind, multiple use of resources for reclamation (water by wire).

Burns Creek will provide the maximum use of the Palisades project for just such use.

Therefore, Burns Creek must be considered an integral part of the Pailsades Dam and we urge you to report Burns Creek favorable and recommend that it be passed by the House.

Respectfully yours,

A. M. KAASEN, *Manager.*

Mr. ROGERS. And if you will submit the statement of the West Side Electric Irrigation Cooperative, Inc., we will go over it with the ranking member on the Republican side, and if it is acceptable for the record it will be included, and if not, it will be included in the file. (The statement referred to may be found on p. 399.)

Mr. HINTZE. I would like to state further, on the West Side Electric: They are purely an irrigation project. They cannot operate on this ground that they are trying to irrigate now without a very reasonable rate of electricity, due to the fact that they are further out on the desert and have to reach farther for the water, and the cost goes up when the well goes down, and it has come to the point where it is almost an impossibility. And they are trying to organize a co-op there and get under the benefits of Palisades when it comes along and gets underway.

Mr. ROGERS. Thank you, sir.

Mr. HINTZE. I have a short statement of my own that I would like to read.

Mr. ROGERS. Fine, you may proceed.

Mr. HINTZE. I have farmed all my life. Therefore, I have a great interest in the economy of the valley.

We have in Lost River Valley about 30,000 acres of good farmland which has not enough water available except through pumping subterranean water, of which there is a good supply.

Since we have received Palisades power, some of the people have been able to pump enough additional water to secure themselves. A large amount of this power, such as that produced by Burns Creek, can very profitably be used, in our valley, for irrigation, and will substantially stabilize a sound economy for the whole valley.

I should like to submit to the committee Resolution No. 13, adopted by our Idaho State Reclamation Association, Inc., at its last annual meeting. Since it is short, I should like to read it.

RESOLUTION NO. 13. ENDORSEMENT OF THE BURNS CREEK PROJECT

Whereas the proposed Burns Creek Reservoir on Snake River will serve as an equalizing reservoir stabilizing downstream riverflows and making it possible to more fully utilize power production for peaking purposes at Palisades Dam, besides furnishing 100,000 acre-feet of additional storage, mostly for supplemental use in dry years, thereby helping to replace water being consumed by new ground water pumping projects; and

Whereas applications have already been received from owners of space in Palisades Reservoir to purchase Burns Creek space in an amount considerably in excess of the 100,000 acre-feet available, which is the best possible evidence

of the value attributed by the Snake River irrigators to the Burns Creek project; and

Whereas this project would represent a capital investment by the Government that directly and indirectly would repay its cost many times over during the years of its useful life, representing also another step forward towards the complete development of the water resources of Snake River: Now, therefore, be it

Resolved, That the Idaho State Reclamation Association, meeting at Idaho Falls, September 25–26, 1959, endorse the proposed Burns Creek project, now being considered by the Congress of the United States, on condition that the legislation shall include authorization for assumption by Palisades power system of one-third of the annual cost of the winter power loss now borne by the water users under the Minidoka-Palisades contracts, and request the members of the Idaho congressional delegation to give that project their full and active support; and, be it further

Resolved, That a copy of this resolution be transmitted to the members of the Idaho congressional delegation.

Mr. ROGERS. Thank you, Mr. Hintze.

Does that conclude your statement, now, Mr. Hintze?

Mr. HINTZE. I have a few more items I would like to discuss.

Yesterday I had the pleasure of listening to Mr. Naughton from the Utah Power Co. paint a beautiful picture of the spud raisers, spud growers, in Idaho. I happen to be one of those spud growers. I wish the picture was as good as he painted. I would just like to correct the picture just a little bit. He made one statement that was correct. We do on an average raise 200 sacks of potatoes a year. And he quoted them at $2.50 a hundred, which he says is $500 an acre. That sounds good. But it is not that good.

On an average, there is less than 75 percent of those potatoes that are marketable. The rest go down the drain. They are culls. That cuts a fourth off of that picture.

The next thing is that you only raise spuds on that ground once in every 3 years. You do not raise them every year. That cuts them three times in half again.

Then it costs $100 an acre to plant those spuds and fertilize the ground and harvest them.

And, furthermore, two and a half dollars a hundred is not an average price. That is way above the average.

So if we come out with 2 bits to 4 bits a hundred, we are doing very good, as profit. And sometimes if you are not a good farmer and have a low yield, you go in the hole. So that spud picture is not as rosy as it could have been.

I would like to further state that we have no disagreements with the power company. We have had good relations with them. Just like Mr. Naughton said, we have had no quarrels. We do not want any.

We want to live. But they do not want to live with us. They ask a wholesale price higher to us than the retail electricity to their own customers. We just simply cannot live with that kind of a price. We would not have any pumping or underground irrigation in our valley today if we still had the rate, because the people could not pay for it.

This pumping that has been developed in our valley has been developed since we got on reclamation power. And that is the only way we can keep it developing—unless the power company wants to come along and give us a comparable price.

I think that is about all I have to say.

Mr. ROGERS. Thank you, Mr. Hintze.

Mrs. Pfost?

Mrs. PFOST. I would like to compliment you, Mr. Hintze, upon an excellent statement. And I appreciate the further remarks you have made with regard to your own experience in producing potatoes in Idaho. Your remarks graphically go to the heart of the thing I was talking about when I said the farmers in your area cannot afford to pay $13 an acre for irrigation water.

Do you, Mr. Hintze, have drilled irrigation wells in your valley?

Mr. HINTZE. I have one on my own farm, and we have 40 in the whole valley at the present time, and it is growing rapidly. As fast as people can get the money and get around to it, they are drilling additional wells.

Mrs. PFOST. How deep do you have to drill?

Mr. HINTZE. All the way from 10 feet to 200 feet. In my well I happen to have water at 10 feet. Others go 100 feet. It is reasonable. Some of them have to go 200 and 300 feet. It is all according to how far out on the desert they get, or how far away they get from the river.

Mrs. PFOST. You spoke of the West Side Irrigation District having to go deeper for their water. Approximately what is the depth of their wells? Do you know?

Mr. HINTZE. Oh, they are going down as deep as 500 feet.

Mrs. PFOST. That means that there will be additional power costs?

Mr. HINTZE. That is right. It takes more horsepower.

Mr. PFOST. But you say you have a good supply of water at 10 feet?

Mr. HINTZE. That is right.

Mrs. PFOST. So your lift is only 10 feet?

Mr. HINTZE. That is right.

Mrs. PFOST. So your power bill would not be as great as that of someone who had to lift the water 500 feet?

Mr. HINTZE. That is right. They probably get an inch to the horsepower, where I get 10 inches to the horsepower.

Mrs. PFOST. Thank you very much.

Mr. ROGERS. Mr. Saylor?

Mr. SAYLOR. I have been looking on the map, trying to find Mackay, Idaho. Where is it located?

Mr. HINTZE. In central Idaho. Thirty miles from the atomic energy plant out there at Arco.

Mr. SAYLOR. None of the maps that we have had submitted show that part of Idaho. That is why I was wondering whether or not your place did exist.

Mr. HINTZE. Well, we are kind of tucked away in the mountains, there.

Mr. SAYLOR. All right. And how far are you from the proposed Burns Creek Reservoir?

Mr. HINTZE. Oh, I would say in the neighborhood of 140 miles, or 130 miles.

Mr. SAYLOR. Now, how long have you lived in that community?

Mr. HINTZE. Since 1919.

Mr. SAYLOR. Apparently you must have gone there with your dad.

Mr. HINTZE. Yes, sir.

Mr. SAYLOR. Still living, is he?

Mr. HINTZE. No, sir.

Mr. SAYLOR. Was he a homesteader?

Mr. HINTZE. No, we moved in there just behind the Indians. There were no roads or anything, but we moved in.

Mr. SAYLOR. And how much acreage do you have?

Mr. HINTZE. I have, with grazing and all, in the neighborhood of 350 acres.

Mr. SAYLOR. How big a family?

Mr. HINTZE. I have a family.

Mr. SAYLOR. I say: How big a family?

Mr. HINTZE. Three.

Mr. SAYLOR. Your wife and two children?

Mr. HINTZE. My wife and three children.

Mr. SAYLOR. And they go to school in the town of Mackay?

Mr. HINTZE. I have two in school in the college at Moscow and one at Mackay, Idaho.

Mr. SAYLOR. How many other farmers are there in this Big Lost River Valley, in the area where you live? I mean roughly.

Mr. HINTZE. Well, in our system we have a thousand meters.

Mr. SAYLOR. A thousand meters?

Mr. HINTZE. A thousand meters. Of course, we have two or three little towns. I would say 500 farms.

Mr. SAYLOR. And most of those farms out there are a combination of irrigation and dryland farming?

Mr. HINTZE. No dryland farming. They are all irrigation or grazing, cattle raising, or sheep.

Mr. SAYLOR. You rotate crops, you say, every 3 years?

Mr. HINTZE. That is the way I do it.

Mr. SAYLOR. Back in my State we do it every 5 years. That is why I asked. I know a little bit about farming, too. I did not get this walk from walking a hard city street. I want you to know I was born on a farm. I walked behind a plow, too. I know a little bit about farming. So it is not just everybody in Idaho that has a monopoly on farming.

Now, how many acres of potatoes do you grow a year?

Mr. HINTZE. Oh, I try to get around 60 to 80 acres a year.

Mr. SAYLOR. Sixty to eighty acres a year. Well, do you average 70 acres a year?

Mr. HINTZE. Oh, approximately. This year I had 60. Last year I had 80.

Mr. SAYLOR. And of course the price varies with the quality of the potatoes that you grow and market. Is that right?

Mr. HINTZE. Mostly with the market.

Mr. SAYLOR. Always with first quality potatoes?

Mr. HINTZE. That is right.

Mr. SAYLOR. I will tell you very frankly: I have never gotten a bad Idaho potato that has been shipped back east. That is more than I can say for some from my own community. The grading system you use out there is excellent, and the system of merchandising I think is one of the finest in the country.

Do you sell your potatoes through a co-op?

Mr. HINTZE. No, I grade my own and ship them direct from one of the biggest potato growers in the State.

Mr. SAYLOR. Well, now, you said it costs you around $100 to plant and harvest your potatoes?

Mr. HINTZE. That is right.

Mr. SAYLOR. You do not include in that the cost of your machinery, do you?

Mr. HINTZE. No. That was not hardly figured in there. But then it can be figured into that $100.

The seed alone for that takes 15 sacks of potatoes to the acre, and the way Mr. Naughton had that priced the other day, that is pretty good money for seed potatoes.

Mr. SAYLOR. It has always been my information that in the spring of the year you have to pay a little more. The same thing is true out in Idaho?

Mr. HINTZE. Well, no, they are usually less in the spring of the year. That is the way it was last year. The closer it got to spring, the cheaper it got.

Mr. SAYLOR. Seed potatoes?

Mr. HINTZE. Sold them for six bits a hundred.

Mr. SAYLOR. Seed potatoes?

Mr. HINTZE. Seed potatoes. That is right.

Mr. SAYLOR. Then I will have to have my friends in the East send out for some of those six-bit potatoes, because we cannot buy certified seed potatoes back there in the East for anything like that much. I think you had better start looking into it as a possible market.

Mr. HINTZE. We are ready. We will fill the orders. You send them out.

Mr. SAYLOR. You say it costs you $100. How many people do you use to harvest that crop?

Mr. HINTZE. Well, this fall I had about 50 there. They hand pick them, you know.

Mr. SAYLOR. You arrange with the Department of Labor to bring people into your area for stoop labor?

Mr. HINTZE. I have a contract with a bunch of Mexicans, migrating Mexicans, that come in there in harvesting season.

Mr. SAYLOR. And you are required to provide quarters for them?

Mr. HINTZE. That is right.

Mr. SAYLOR. Do you have any other crops that you grow out there for which you need that stoop labor?

Mr. HINTZE. No.

Mr. SAYLOR. Is there anybody out in your valley that requires more stoop labor other than for harvesting potatoes?

Mr. HINTZE. No; very little. They are pretty well mechanized for all the rest of the operations.

Mr. SAYLOR. Have you got your farm cleared?

Mr. HINTZE. No, sir.

Mr. SAYLOR. Well, then, your farm is like most of the farms in America?

Mr. HINTZE. That is another thing. Mr. Naughton says these farmers all live in good houses and drive good cars. But I was wondering whether they are all paid for or not.

Mr. SAYLOR. Well, they are probably paid for, the same as the people who live in the city live in good houses. You know most of them are not paid for, either. We have to keep this business going. Every-

body has to make a little money along the line. You have to borrow a little. Bankers have to loan a little. That is just one of those routine things that help keep this country going.

Have you known of any farmers in your area that have failed in the last number of years?

Mr. HINTZE. Oh, yes.

Mr. SAYLOR. How many?

Mr. HINTZE. Well, sir, that takes a little study, but there are numerous of them.

Mr. SAYLOR. Now did they fail because they had to pay this high price for electricity?

Mr. HINTZE. Well, I do not think that had anything to do with it. Those that failed were not pumping. A little house electricity I do not suppose is going to break anybody.

Mr. SAYLOR. What is the difference between the rate that you pay for pumping power and the rate that you would have to pay from one of the public utilities in the area, or private utilities in the area?

Mr. HINTZE. What do you mean? Wholesale rate?

Mr. SAYLOR. The rate the farmer pays.

Mr. HINTZE. The retail rate to our own company?

Mr. SAYLOR. To you, as a farmer?

Mr. HINTZE. Well, I have not got that rate with me, but it is higher than the power company's people enjoy.

Mr. PASKETT. Chairman Rogers, was it not agreed this morning that we would all be able to present our testimony and then be questioned afterward?

Mr. ROGERS. Well, yes, Mr. Paskett. But as we started out, as I understood it, you wanted to be questioned at the time.

Mr. PASKETT. No; I understood that we would all be present.

Mr. ROGERS. Mr. Paskett, there was no definite agreement on the thing at all. What we are trying to do is go along here and get it done just as quickly as possible. And the members seem to want to ask questions as we move along. Now, if they want to do it the other way, we will do it; but otherwise, I think we had better proceed just like we are going and hasten along.

Mr. SAYLOR. I have no further questions.

Thank you for your answers, Mr. Hintze. And I wish you luck in your farming.

Mr. HINTZE. Thank you.

Mr. ULLMAN. Mr. Hintze, would the surplus power, the dump power, from Burns Creek make it possible to irrigate additional acres of land in that area?

Mr. HINTZE. Yes, sir.

Mr. ULLMAN. Have you any idea how many acres could be irrigated from the surplus power, the off-season power, from Burns Creek?

Mr. HINTZE. There are probably 20,000 acres left in the valley that need pumping water.

Mr. ULLMAN. In the whole area where the power would be available; have you any idea?

Mr. HINTZE. We estimate around 30,000 that need partial help and total help with pumps.

Mr. ULLMAN. I might ask Mr. Paskett: Do you know how many total acres could be irrigated of new land—whether you would agree

with that figure of 30,000, from the surplus power available from Burns Creek?

Mr. PASKETT. I think so.

Mr. ULLMAN. Was that taken into consideration in figuring the cost-benefit ratio?

Mr. PASKETT. I understand it was not. The information that I have been given is that about one-third of the power as allocated would go to pumping purposes, if it is built, and as the application reads.

Mr. ULLMAN. In the Klamath Falls area in my district we raise real choice potatoes. My people are not doing nearly as well as you are doing according to testimony yesterday, and I am glad to get the record straight today. I think we are on a pretty comparable basis.

Mr. ROGERS. The next witness is Mr. Handy.

Would you who follow him all prefer to go ahead and give your statements, and then have the questions submitted? We have no reason to do it otherwise, if you would rather do it that way.

Then it is all right. You go right ahead, Mr. Handy. As soon as you are finished, we will call on the others and let them give their statements.

Mr. HANDY. Thank you, Mr. Chairman.

I am Leo Handy, State representative, member of the State board, and member of the school board.

The village of Heyburn was incorporated in 1911 and named after the great Senator from that great State by the name of Heyburn. We bought and have operated since 1922 our own electrical system. And up until now, our only source of wholesale power has been the Bureau of Reclamation.

In the past 3 years, agricultural processing plants have been coming into the area, which has made a large demand on our system for electricity.

Now, in the village of Heyburn alone we have a processing and freezing plant that is nearly ready to start operation. It will employ 1,200 people, and it will be the largest processing and freezing plant for potatoes in the world. It has a storage capacity of 14 million pounds that will be held at a temperature of zero degrees.

Now, when this plant started talking about coming into our area, and we heard the demands for electrical energy that they would need, we started hunting a source of power. We contacted the Idaho Power Co., and they have no wholesale rate on file with the Public Utilities Commission. They would not give us a price. The only thing they wanted to do was to lease our lines and furnish the power to this plant through our lines, but settle it themselves.

And to this day, we have not come to an agreement, although the Bureau of Reclamation has given us another allotment of power, which we are getting by with and will, we hope, until about 1963.

The manager of this plant has asked us for 1,900 kilowatts by the 1st of next October and 2,600 kilowatts by the 1st of October 1963, which is an increase from our former load of 600 kilowatts in our own village.

Now, our village has doubled—almost doubled, in the last 3 or 4 years, and with the passage of a sewer bond this past fall—and the prospect is that when the people come in to operate the new plant, we believe our village will double in size in the next 2 years.

Now, all these potatoes that come into Heyburn to be processed are grown by irrigation—either surface irrigation or from deep wells. And the village of Heyburn, the people of the village of Heyburn, and the people of Minidoka County, strongly urge the passage of this Senate bill No. 281.

And that, Mr. Chairman, concludes my statement, and I thank you very kindly.

Mr. ROGERS. Thank you, Mr. Representative, for that statement and your summation of it.

I believe the next one on my list was Mr. Draney.

Is that correct?

Mr. DRANEY. It is? I though there was one ahead of me.

Mr. ROGERS. Mr. Roberts? Is he the next one?

Yes.

Mr. SAYLOR. Mr. Chairman, I have some constituents over in my office, and I have to leave.

Mr. ROGERS. Mr. Roberts, you may proceed.

Mr. ROBERTS. Mr. Chairman and members of the committee, at our last board meeting, February 9, 1960, I was instructed to testify and file our statement endorsing Senate bill No. 281 and H.R. No. 1235, authorizing the construction of the Burns Creek Dam and hydro facilities.

The growth of the Fall River system has been, during the summertime, 15 percent per year; during the wintertime, 8 percent.

We have now enough power contracted for to last us until the year of 1963. At the end of 1963 we will be looking for power elsewhere. That is according to our last power-requirement study.

Up until the Palisades hydro went into operation, we were purchasing our power from the Utah Power & Light Co. And, as was stated by Mr. Naughton yesterday, our relations as far as personalities are concerned, employees, and so forth, have been very good. They have been very cooperative in many ways. But there is something that was stated yesterday that will confirm my story about the cost of power.

Our cost was very high for wholesale power. We were paying around 11 or 12 mills. And that is higher than the Utah Co. was charging their irrigation customers. As was stated yesterday by Mr. Naughton, they also had two customers, serving two phospate furnaces, for 5 mills, and one for 5.7 mills. Now, had we been offered the price in that neighborhood, we would never have been a customer of the Bureau of Reclamation.

I told the district manager before the Palisades came on that if they could sharpen their pencils and figure out a rate that we could live by, it would not be necessary for us to contract with the Bureau of Reclamation. This was never done.

Another thing that I would like to bring to your attention is that Palisades definitely helped the Utah Power Co.; that during the years of 1956 and 1957, during our high-peak months, was during the same time that they have their irrigation out in the Mud Lake country, where the Utah Power & Light Co. is now serving. They were also serving it at that time.

We had a voltage condition which was low, and we had considerable trouble satisfying our members. We checked this voltage condition

and found that it was caused through the voltage being low coming into our system. This was confirmed by a visit to a plant operator, who informed us that they were serving low voltage during that time. They also stated that they were doing their best to hold the voltage up and they were doing something about it, and it would soon be corrected.

I also talked to their engineer, Oliver Rexburg, who told me the same story, that they were trying to correct the situation.

It was not until Burns Creek went on the dam we had no more trouble.

So in view of that, the Utah Co. was definitely benefited in having Burns Creek on the line in the upper valley, where their voltages could be stabilized and hold their voltage up in that upper part of the Snake River Valley.

Mr. ULLMAN. Mr. Chairman, could I interrupt?

I believe you meant Palisades, instead of Burns Creek.

Mr. ROBERTS. Palisades is correct, yes.

Mr. ROGERS. Does that conclude your statement?

Mr. ROBERTS. I have just one more remark that I would like to make, and that is that the object of the Fall River Electric Cooperative is to serve the members who could not get central station power in any other way, at that time, at the cheapest rate consistent with good management.

Our rates, in our cooperative, to my knowledge, were the highest rates in the State of Idaho. And every effort has been put forth to at least bring our rates down to those of the surrounding power companies; and we have no intentions of going below them. We want to stay equal with them, but we are not trying to compete in cutting prices below them.

That concludes my statement, Mr. Chairman.

Mr. ROGERS. Thank you very much, Mr. Roberts.

Mr. Draney, I think you are listed next.

Mr. DRANEY. Yes. Thank you, Mr. Chairman and members of the committee.

As I stated, I am manager of the Lower Valley Power & Light at Afton, Wyo. We are serving some 2,100 member consumers in the western part of the State of Wyoming, which includes the Grand Teton National Park.

Burns Creek power is of vital importance to our cooperative and to our member consumers, not only for the power which it will make available to us but the conservation of water as well.

I am fully in sympathy with the Kemmerer, Wyo., coal miners in their economic plight as was presented in testimony by our Hon. Keith Thomson and others at this hearing. I want to point out, however, that to my knowledge construction of the Burns Creek Dam will not prejudice construction of Utah Power's Kemmerer steam-plant.

And I would like to add here that my reason for that, with our normal load growth, which in our case last year was 12 percent, and over the last 5 years it has averaged between 10 and 12 percent. I believe I heard a figure in this hearing, and I am just supposing it was Utah Power & Light's growth, of 8 percent per year. If you take that figure, over a period of 4 years, that will be 32 percent. And I

assume that it will take 4 years in which to construct the Burns Creek Dam.

So it appears to me with a system as large as theirs, they are going to be needing power even before Burns Creek could be constructed.

We too have some 2,700 member consumers who are dependent on Burns Creek for low-cost power. Taking electric service into the rural areas of the States of Wyoming and Idaho has necessitated considerable investment and low cost power is of vital importance to us if we are to meet our obligations. With low-cost power we will be able to bring in additional industry, necessitating further needs for the Kemmerer coal. No doubt our Hon. Keith Thomson was not aware of people's needs in the northwestern part of the State of Wyoming when he presented testimony against Burns Creek.

Had we purchased power from an investor-owned utility adjacent to us, it would have more than doubled our power costs, necessitating an increase in our rates which are already higher than the surrounding area.

And I would like to add here that our purchased power last year was 10,549,000 kilowatt-hours, and the cost to us under the USDR rates, was $54,942. Had we purchased the power from Utah Power & Light under rate schedule No. 16, which was offered to us about 3 years ago, it would have cost us $123,479. Average cost of power from the Bureau last year was 5.2 mills; and had we purchased this from the Utah Power & Light, it would have cost us 11.7 mills.

I am not saying that we should look to the Federal Government for our power needs. I do feel that our natural resources should be developed and the power from these resources should be utilized to do the most good for the people.

Mr. DRANEY. I would like to add further that reclamation and development of our water resources has made a great part in the economy of our country today, as you know. It is true that we have food surpluses today which may to a certain extent be caused by the development of our water resources, and which no doubt has created a tax burden. But God forbid the day when we do not have food surpluses. Certainly it is much better that we have food surpluses rather than to have our children suffer the pains of hunger as millions of children are doing in foreign countries today.

For the multipurpose dams we have today, we owe a great debt of gratitude to the noble men and women who made them possible.

With the fast expanding population we have today, we have an obligation to our children and the generations to come to develop these projects so that they, too, will be assured of the necessities to sustain life; and Burns Creek is additional assurance that we will have the water with which to build the food to supply them.

Mr. Chairman, that is all I have to state.

Mr. ROGERS. Thank you, Mr. Draney.

Mr. Roberts, did you have something you wanted to put in before?

Mr. ROBERTS. Yes, sir. I have five statements here from the Pennell Cos. in our part of the country in Idaho, that I would like to make part of my statement.

Mr. ROGERS. How long are those?

Mr. ROBERTS. They are short statements, Mr. Rogers.

Mr. ROGERS. Without objection, they will be included immediately following your statement.

Mr. ROGERS. Mr. Harper, the Chair will now recognize you.

Mr. HARPER. Mr. Chairman and gentlemen of the committee, I have a statement I would like to make, and also I have a statement endorsing the project and also a statement from the Board of County Commissioners of Cassia County endorsing the project, which I would like to make a part of my statement if I may, please.

Mr. ROGERS. How long are those statements?

Mr. HARPER. They are just short.

Mr. ROGERS. Short? They may be, without objection, included following Mr. Harper's statement.

(The statements referred to appear on p. 398.)

And you may proceed, Mr. Harper.

Mr. HARPER. Mr. Chairman and members of the committee, it is a pleasure that I meet with you today and make a statement endorseing this propect, because it is very vital to the development of our country and also of southern Idaho.

As you might know, looking at your map, I come from what we call a fringe area, where we have droughts, where we have had droughts. And thanks to the Congress of the United States, when they organized REA, it gave us the opportunity of having electricity in our area.

I have children in their 20's who can remember when the electricity was turned on in my home. And so the development of my valley—and I am a farmer and stock raiser of that area—goes back to the time when REA came into our valley. And this development that we are talking about in Burns Creek is very vital to me and to my area, because you notice from my statement here that I am also chairman of the East Cassia Soil Conservation District, and that represents a group of some 13 small communities that absolutely depend upon this electricity we get out of Burns Creek, because of the report from our REA Board member here, that in a few years if we do not get electricity, then some of us might go back to the old coal oil lamp. And we do not want to do that. We want to continue to pump.

And as was stated here the other day, we grow in crops in our area. They stated "hay and grain." And, you know, we might not ship too much of our hay to New York if they do not give us help back in this area.

We need cheap electricity in our area. I am grateful to our Congresswoman, Mrs. Pfost, yesterday, for a statement on the cost of electricity to pump with, because in our area, there, we are just starting to grow potatoes. We are mostly a stock-raising area. And as you people know today, we are selling our hogs for 13.2 cents per pound. We are selling our lambs for 17 cents. And we cannot afford high-priced electricity, and continue to farm.

I produce livestock, cattle, dairy products, sheep, and I have some hogs.

I will not go ahead and read my statement, as this project is very vital to us; and it does mean to our economy and to our economy this electricity that will be generated at Burns Creek and will be transferred into pumping power, to help us in our soil conservation and also in our county.

Mr. Samson, I think, mentioned the other day—the mayor of Burley—that even the Burley project itself is a pumping area. They raise the water from Snake River up by 3 lifts, 90 feet.

And so the economy of our whole county nearly depends upon pumping, except the little streams that we get out of the mountains, which provide probably one crop of hay, and then our second crop, and third crop is not too good if we depend on those.

In the years 1934 and 1935, as you know, we suffered a tremendous drought in our area. And if that should reoccur, which it might do in this year of 1960, then the economy of our country will be greatly narrowed up, so that we will maybe be back here demanding a WPA and few of those other projects we had a number of years ago. If Burns Creek project is constructed, it will relieve this situation, both for power and that 100,000 feet of water that is stored in the reservoir will greatly help our situation and our area.

I am authorized by the four organizations mentioned above, and by the Republican Party, of which I am a member, to come here and endorse Burns Creek. And I am grateful for the opportunity to express myself here today.

Mr. ROGERS. I notice that you are the Republican chairman, but you did not seem to have any fear in testifying before three Democrats.

Mr. HARPER. I did not, Mr. Chairman.

Mr. ROGERS. This is a nonpartisan committee, anyway, and you are always welcome.

Mrs. Pfost, did you have any questions?

Mrs. PFOST. Thank you, Mr. Chairman. I just want to compliment each and every one of you gentlemen for presenting a very fine block of statements—I have a question which I should like to address to Mr. Roberts.

You spoke about the cost of wholesale power to the Utah Power & Light being 11 and 12 mills up until 1948. Are you purchasing any power from Utah Power & Light today?

Mr. ROBERTS. We are not purchasing any today. We are wheeling power over their distribution lines which they get a wheeling charge for. But we are not buying any power.

Mrs. PFOST. Do you know what it is costing you today?

Mr. ROBERTS. Yes; 5.2.

Mr. ULLMAN. I want to thank the chairman and the lady for sitting here so long.

I want to ask all the witnesses: Are you all in agreement that 1963 will see the end of Bureau of Reclamation power, at which time you will have to find a new power source? Is there anyone in disagreement?

Mr. PASKETT. I would like to answer that question. My name is Edwin H. Paskett.

The last time we negotiated with the Bureau of Reclamation, we all negotiated together. We planned our load growth by past experience, and we were allocated power so that we would all have it to a certain day, percentagewise. Now, that is why they all come out in 1963.

Mr. ULLMAN. And these are systematic studies that have been made, based upon your load growths and the precedents that are common and accepted in the industry?

Mr. PASKETT. That is correct.

Mr. ULLMAN. Then what this means is that as of 1963 you are going to have no source of power. Will it be possible for you to develop any alternative sources of power, yourself?

Mr. PASKETT. I think, at the present time, we are too small a group to go into that kind of generation.

Mr. ULLMAN. Are you close enough together to where you could pool your resources?

Mr. PASKETT. Well, there are 16 users in the Minidoka area that may be good.

Mr. ULLMAN. But the rest are widely scattered?

Mr. PASKETT. The rest are quite a ways up the river.

Mr. ULLMAN. We can assume that this would be a highly marginal possibility; is that right—if you are left on your own in 1963?

Mr. PASKETT. That is correct.

Mr. ULLMAN. Then assuming that that were not possible, your only alternative would be to buy from the power companies. And I believe, Mr. Roberts, you said it was 11 mills you paid for the power.

Mr. ROBERTS. That is correct, 11 and 12 mills.

Mr. ULLMAN. And I think you said 11.7 is what you would have to pay, Mr. Draney.

Mr. DRANEY. That is right, last year.

Mr. ULLMAN. In other words, you are all going to have to face a situation whereby you are going to have to pay 11 mills or thereabouts for power. Is that correct? Is that what it looks like to you, Mr. Paskett?

Mr. PASKETT. I think in our certain case, where we have been negotiating with Idaho Power, the rate figured on the basis of the contract which was submitted to us would be between 9 and 10 mills, from Idaho Power.

Mr. ULLMAN. And do you think that you might negotiate at 9 and 10 mills, Mr. Roberts?

Mr. ROBERTS. This is something different. When we run out of power, we are going to have to contract for additional power. Where we will be taking part of our power from the Bureau of Reclamation and part of it from a power company—if we bought it from a power company—and therefore the load would be smaller. And chances are, with the guarantee and the small amounts they have for power, usually in the beginning the firming up power—the cost is higher than the cost of the power when they are serving the entire load.

So to get some firming power, I would just make a guess—I could not say exactly right now what it would be, but it would certainly be probably around 11 or 12 mills on our system.

I am familiar with the contract that the power company now has, where they pay a $6,000 yearly minimum and they are charging 2 cents a kilowatt-hour for the kilowatt-hours which are firmed up on the other system.

Mr. ULLMAN. In other words, you are in the situation where there is no alternative—they have the power and you have to have it to survive—and heaven only knows what you are going to have to pay for the power.

Mr. ROBERTS. That is correct.

Mr. ULLMAN. I heard Mr. Naughton say that at 7 mills it would cost $15 an acre to consumers. Now, if you had to pay 11 mills, what would

it cost your farmers for pumping power? Would it be economically feasible to pump at the figure at which you would have to sell it?

Mr. ROBERTS. There may be some pumpers that would pump with it, but it would not be feasible to pay around 11 and 12 mills for power.

Mr. ULLMAN. What would be your estimate of the rate at which you would have to sell the power to the farmers?

Mr. PASKETT. In our particular cooperative, I would say, if we were to pay 1 cent, or 10 mills, for power, it would be an average, overall, for the demand charge and power—it would average right at a cent and a half.

Mr. ROGERS. In other words, we can figure over $25 an acre for pumping for an average farm?

Mr. PASKETT. Well, it would be pretty well up there.

Mr. ULLMAN. Would this be economically feasible?

Mr. PASKETT. Not in our area.

Mr. ULLMAN. So it looks to me—and with this I am going to finish, Mr. Chairman—that what we have are the power company coming in opposing Burns Creek, which would be your only possible source of low-cost power. And if that is defeated, you are going to be completely at the mercy of the company which has demonstrated in every action to date that it was going to charge 10, 11, or even more mills to you. Could you continue in operation, Mr. Roberts?

Mr. PASKETT. In our particular organization we have heavy lines to take care of the pumping project. If the pumping fails, the whole system has failed, because the domestic use will not pay for the high-cost lines.

Mr. ULLMAN. Well, what is your answer, then?

Mr. PASKETT. We would go broke.

Mr. ULLMAN. What about you, Mr. Roberts?

Mr. ROBERTS. No, we would not go broke, because we do not have the kind of pumping that Mr. Paskett has. We just have a few pumps in our upper area, and all they use the power for in the upper part of the valley is about a 50-day season. And about all the effect it would have on us, as far as pumpers are concerned, would be that we would just get no more pumpers—and the valley at the present time is going more and more to pump irrigation. A lot of farms are putting in sprinkler irrigation to stop soil erosion, and if the cost of the pumping was increased, they would just quit pumping as far as our electric power is concerned.

Mr. ULLMAN. Mr. Harper, how would it affect your operation?

Mr. HARPER. I would be afraid I would have to quit pumping.

Mr. ULLMAN. And what I can see is a likely situation where the people in the co-op would be faced with such tremendous costs that they would be readily susceptible to some kind of offer from the company, and the first thing you know you would be out of business—which might very well be the end of REA in your area.

There are a lot of ramifications to this, Mr. Chairman, and I appreciate, as I said, your taking so much of your time.

I want to thank the witnesses. I think they have been excellent witnesses, coming here from the grassroots of our country.

Mr. ROGERS. Mr. Handy, you made reference to the fact that you did not have enough power to furnish the freezing plant. I think you said 600 kilowatts had been stepped up to 1,400. Did I understand you to say you could not buy that from a power company?

Mr. HANDY. I said they would not offer us a wholesale price, but we did get the power from the Bureau of Reclamation.

Mr. ROGERS. You did?

Mr. HANDY. Yes.

Mr. ROGERS. You mean they just said, "We won't sell it to you"?

Mr. HANDY. They did not exactly say that, but the only answer that I got was that they would like to lease our lines and furnish the power themselves, because their substation was just a half a mile from this particular plant.

Mr. ROGERS. You have a municipally owned electric company in your town?

Mr. HANDY. Yes.

Mr. ROGERS. How many meters do you have?

Mr. HANDY. Gosh, I could not say. I do not have those records with me.

Mr. ROGERS. What size town is your town?

Mr. HANDY. The population right now is about a thousand people.

Mr. ROGERS. And how much electricity do you consume outside of this plant? What is your demand?

Mr. HANDY. I think our village plant—the demand would probably be around 400 kilowatts. At the present time we are using 1,400.

Mr. ROGERS. And you are getting all of that from the Bureau of Reclamation?

Mr. HANDY. The Bureau of Reclamation, yes, sir.

Mr. ROGERS. And you never were able to discuss price or anything with the price retailer?

Mr. HANDY. Yes, we discussed price, but I never get an answer.

Mr. ROGERS. So you do not know what the price would be, then?

Mr. HANDY. No, I do not.

Mr. ROGERS. Thank you very much. And thank all of you gentlemen for coming here and for your statements and the contributions you have made to the record. It has been a pleasure to have you before the committee.

(Pursuant to unanimous consent agreement Mr. Radin's statement follows:)

STATEMENT BY ALEX RADIN, GENERAL MANAGER, AMERICAN PUBLIC POWER ASSOCIATION

My name is Alex Radin, I am general manager of the American Public Power Association, a national service organization representing more than 1,000 local publicly owned electric utilities, mainly municipally owned electric systems, in 42 States.

Several municipal electric utilities in the State of Idaho are interested in purchasing the power which would be made available from the Burns Creek project. Our association's interest in bills to authorize the construction of this project stems also from this association's longstanding support of comprehensive, multipurpose development of the Nation's water resources. We therefore support the bills before your committee which would authorize the Secretary of the Interior to construct the Burns Creek project in the upper Snake River Valley in Idaho.

The basic issue here is whether this site should be developed in accordance with the principle of comprehensive multiple-purpose water resource development. The Acting Commissioner of Reclamation, in submitting a favorable report on this project to the Secretary of the Interior on June 29, 1956, referred to the proposed Burns Creek development as "another step in the comprehensive development of the available water resources for the benefit of all."

Furthermore, the Acting Secretary of the Interior, in transmitting to the President his favorable report, said the project would be "integrated, electrically,

hydraulically, and financially with the Palisades project," and that it would "provide reregulation of water releases from Palisades Dam for more efficient use of the Palisades project, at-site power production, holdover storage for irrigation, recreation opportunities, and preservation and propagation of fish and wildlife resources, as well as other lesser benefits."

More than half a century ago, President Theodore Roosevelt made this statement in an historic message to the Congress: "Every stream should be used to its utmost. No stream can be so used unless such use is planned in advance. When such plans are made, we shall find that, instead of interfering, one use can often be made to assist another. Each river system, from its headwaters in the forest to its mouth on the coast, is a single unit and should be treated as such."

The Bureau of Reclamation's report on this project, and the favorable report of the Senate Committee on Interior and Insular Affairs, show that the Burns Creek project is logically "planned in advance" as an integral part of a broader plan for obtaining the maximum public benefits from the water that flows in the upper Snake River. To neglect this site, or to underdevelop its potential, would constitute a waste of this natural resource.

In the Senate debate on S. 281 last summer, opponents of full development at Burns Creek offered as an alternative the construction of a small dam to reregulate the Palisades. They did so in spite of this clear statement in the Bureau of Reclamation report (H. Doc. No. 147, 85th Cong., 1st sess., p. 22): "Downstream benefits resulting from reregulation are of such a nature that they do not produce revenue. Earlier studies showed that the increase in Palisades power value, resulting from unrestricted peaking, is not sufficient to justify the cost of a single-purpose reregulating structure. Therefore, any consideration of alternatives to the reregulating function of the Burns Creek proposal *must be based* on providing at-site power in combination with reregulation." [Italic supplied.]

The proposal for single-purpose development at the Burns Creek site is thus not only wasteful underdevelopment of water resources but also financially undesirable.

What, then, is the source of the opposition to this project? The opposition, according to the Senate report on S. 281, comes primarily from the private power companies, along with mining interests which sell coal to the private power companies. Minority views submitted by a member of the Senate Committee on Interior and Insular Affairs characterized the bill as "another example of using reclamation as a vehicle for promoting public power to the detriment of reclamation."

Yet the water users have testified strongly in favor of this project, and do not feel it would be "to the detriment of reclamation." (In fact, a major share of the cost of the project would be paid by power revenues.) The Bureau of Reclamation report on the Burns Creek project states: "It can be said that local interest and support for the Burns Creek Dam, powerplant, and reservoir proposal is widely distributed in the upper Snake River Valley and is strongly in favor of the proposal." The project has been recommended by the Department of the Interior, has been approved by the Bureau of the Budget, has been reviewed and endorsed by the States in the region, and has been reviewed and approved by other Federal agencies. Senator Frank Church, of Idaho, said during the Senate hearings on S. 281 that "This project has been blessed with what approaches general endorsement and support from all the different Idaho groups, which is an unusual mark for a Government dam."

Yet the private power companies, and allied groups, stand firm in opposition to a project which is financially feasible, will greatly benefit the region, enjoys unusually widespread support among diverse groups, and is recommended to the Congress as "another step in the comprehensive development of the available water resources for the benefit of all."

In view of the experience at the Palisades project, the opposition of the power companies is difficult to understand. Statistics on the power sales from the Palisades project in 1958 disclose that two private power companies bought more than 330 million kilowatt-hours, while four municipal and rural cooperative preference customers purchased less than 100 million kilowatt-hours. Idaho Power Co. bought 193 million kilowatt-hours of Palisades-produced power—more than twice the amount purchased by the one municipality and three rural electric cooperatives. And Utah Power & Light Co. bought another 144 million kilowatt-hours—again well above the 93 million kilowatt-hours used by the four local preference users.

The statistics on Palisades power sales in 1958 show that Idaho Power Co. paid an average of 2.7 mills per kilowatt-hour, and Utah Power & Light Co. paid even less—2.3 mills per kilowatt-hour. The city of Idaho Falls paid 5.1 mills per kilowatt-hour, and the three rural electric cooperatives paid from 4.6 to 6 mills, with the average being well above 5 mills. In brief, then, the private power companies used more than three times as much Palisades power as did the four local preference users, and paid less than half as much per kilowatt-hour for the power.

These figures illustrate a point that should be kept clearly in mind when the private power companies oppose Federal power projects: the power companies themselves purchase vast quantities of this federally generated power, and usually at dump or seasonal rates which are well below the rates which local preference users pay for firm power. The power companies then fit the dump or seasonal power into their overall system operations, obtaining benefits which normally far exceed the nominal price they pay for the power.

The private power companies have claimed that the issue is whether the Government should assume a "utility responsibility" in the marketing of federally generated power. The facts are that the Burns Creek project is a needed and feasible multiple-purpose development, and that the power facilities will, as in so many other cases, make available benefits which would not otherwise be available to the area. The construction of a 90,000 kilowatt project at Burns Creek does not, per se, give the Government a utility responsibility to the preference customers in that area, any more than the proposed private power company steamplant in the area will meet the power company's power needs for all time. Electric power demands of the preference and nonpreference customers can be expected to continue to grow for an indefinite period; Burns Creek will be used merely to meet the requirements of the preference customers for a period of time in the future.

It has been contended that the power which can be supplied by Burns Creek could be produced, instead, by coal-fired steamplants. In this connection, we should not lose sight of the fact that waterpower is our only renewable energy resource, and it would seem only prudent, from the standpoint of our national interest, to utilize waterpower to the fullest extent possible, so that we may preserve our irreplaceable fossil fuels for the longest possible period.

The arguments advanced by Utah Power & Light Co. are summarized on pages 7 to 9 of the Senate report on S. 281, together with the Bureau of Reclamation's cogent answers to the power company's case. We agree with the Senate committee that the Bureau of Reclamation's position "is sound and supported in the testimony."

We urge the committee to approve the construction of this project as recommended by the Bureau of Reclamation in its report, as "another step in the comprehensive development of the available water resources for the benefit of all."

Mrs. PFOST. Mr. Chairman, I have some communications in the form of two wires—one from Mr. William Roper at Burley, Idaho; one from Mr. Carl M. Shaner, of Ririe, Idaho; both in favor of the Burns Creek project.

Mr. ROGERS. Would the gentlewoman withhold that for 1 second until I can get to these?

We have four written statements that should properly go in the record at a point immediately following the questioning of these witnesses. One is a statement of Mr. Angus McDonald for the National Farmers Union; one is a statement by Mr. Jack Curran for the AFL-CIO; one is from the Flood Control District No. 1 of Idaho, and is submitted, or signed, by Mr. M. G. Koon, chairman. Without objection, these statements will be included in the record.

The other is a statement presented for the Northwest Public Power Association, submitted by Mr. Gus Norwood, executive secretary of that association. Without objection, that will be included in the record. All four statements favor the legislation.

(The statements referred to are as follows:)

To: Chairman Wayne Aspinall, House Interior Committee.
From: Flood Control District No. 1, of Idaho.
Subject: Burns Creek Dam.

1. OBJECTIVE OF REPORT

The primary objective of this report will be to approach the matter of the approval of, and subsequent appropriations of Burns Creek Dam, from the point of view of flood control. However, in connection with the approach, it is recognized that the primary purpose of this dam is for the use of the waters of Snake River for irrigation, and, incident thereto, the production of hydroelectric power in conjunction with the Palisades Dam, already constructed. It is recognized that the use of waters for irrigation in this area has a priority over its use for flood control. The Idaho Legislature expressly recognized this in the act creating flood control districts, when it said "* * * sound policy of flood control and prevention must necessarily contemplate the highest and best use of any stored or developed waters resulting from measures and methods of flood control and prevention."

2. FLOOD CONTROL DISTRICT NO. 1 OF IDAHO—HEISE-ROBERTS

Flood Control District No. 1 of Idaho was created in 1946. The primary purpose of the district is to assist the United States and to obtain aid and assistance from the United States in flood prevention and control of the waters of Snake River. The district embraces lands adjoining and adjacent to the river on both the right and left banks of the South Fork of the Snake River from Heise down to and beyond the confluence of the North and South Forks of the Snake River to Roberts, Idaho. There are approximately 44,160 acres of land within the district with a total assessed valuation of approximately $1,266,000.

Many persons labor under the misconception that Flood Control District No. 1 of Idaho was created solely for the benefit of the landowners adjoining the river and within the district, that is, to keep the river from wasting away and innundating these adjoining lands. While the works thus far constructed have resulted in obvious benefits to the adjoining landowners, less obvious, but equal benefits, have resulted to thousands of acres of other lands and landowners many miles distant from the district. From Anderson's Dam at Heise to the Idaho Canal diversion dam, the area in which the funds appropriated by the Congress of the United States have thus far been expended, there are 38 separate canals which divert water to irrigated lands either directly out of the Snake River or out of the Great Feeder Canal, which diverts its water from the Snake River. During 1953, diversions from these 38 canals from May to September totaled 1,961,588 acre-feet of the waters of the Snake River, which irrigated 243,024 acres of highly fertile land. These lands are located in Madison, Jefferson, Bonneville, and Bingham Counties, Idaho. (App. A, attached hereto, lists these canals, their diversion and the acres irrigated.) These headings and the irrigation of these lands are directly dependent upon the measures and methods of flood control and prevention taken by the Corps of Army Engineers and Flood Control District No. 1 of Idaho. The municipality of Idaho Falls, and all of its municipal hydroelectric power is dependent upon the maintenance of the present channel of Snake River within Flood Control District No. 1 of Idaho. Less directly, most other municipalities from Rexburg on the north to Blackfoot on the south are dependent upon the economy of the areas served by these diversions.

With the creation of Flood Control District No. 1 of Idaho, in 1946, for the first time in the history of the Snake River in this area, there has been a continuing administrative body which has been able to keep data and make a continuous study of flood-control problems for 14 continuous years. From these studies we have made certain observations.

3. OBSERVATIONS OF FLOOD CONTROL DISTRICT NO. 1 OF IDAHO FROM STUDY

(*a*) All important floods in the Snake River Basin are caused by snowmelt at high altitudes, either with or without the influence of rainfall, and the principal flood-damage areas of the upper basins are the mountain valleys into which the snowmelt floods debouch from mountain canyons.

(*b*) The possibility of the Snake River establishing a new channel forms a definite threat along the south fork of the Snake River within the boundaries of Flood Control District No. 1 of Idaho. This threat recurs and becomes aggravated with each succeeding year; although it has been lessened by the construction of extensive channelization and bank-stabilization work by the Corps of Engineers within the district.

(*c*) The threat of a flood disaster causes large areas to be retained as brush pasture instead of being transformed into land capable of producing row crops or irrigated pasturelands. There is no doubt that the upper valleys are not utilized to the maximum of their potential productive capacity due to the existence of the threat of flood damage.

(*d*) Since the creation of Flood Control District No. 1 of Idaho, in 1946, the Congress of the United States has appropriated and spent, through the Corps of Army Engineers, well over $2 million on the stabilization of the channel of the Snake River in the Heise-Roberts area. According to the present plans contained in the report of the Chief of Engineers, submitted to House Document No. 531, 81st Congress, 2d session, the proposed recommendations contained therein would require the expenditure of the estimated additional $4 million to provide reasonable security in the Heise-Roberts area alone; and it is also estimated that it will require approximately $40,000 per year to maintain such construction once it is completed.

(*e*) Palisades Reservoir, now constructed, as a multiple-purpose dam, does not provide adequate flood-control capacity to meet the recurring emergency runoff years on the south fork of the Snake River above the dam. Palisades Dam has a capacity of 1,400,000 acre-feet of water and a probable normal drawdown of 400 million acre-feet. These figures may be contrasted with a waste runoff of 3,800,000 acre-feet in 1928 and 3,500,000 acre-feet in 1952.

(*f*) Channelization and bank stabilization within Flood Control District No. 1 alone is not the sole answer to flood control within Flood Control District No. 1. The problems of maintaining the channel of Snake River within Flood Control District No. 1 are primarily created by two factors; namely, (1) erosion due to high waters and lack of stabilization in the flow during the spring and summer, and (2) winter icepacks which cause ice jams. Both of these causes cannot help but be enhanced by the complete control of the flows of the stream.

(*g*) Studies already underway and, according to our understanding, practically completed, under the direction of the Corps of Engineers in cooperation with the Bureau of Reclamation and the Geological Survey, indicate that the construction of the Burns Creek Dam will form an integral part of a Snake River Basin water-resource plan of development which has been underway for the past 5 years. These studies are made incident to the preparation of a plan for the maximum utilization of the waters of the Snake River.

4. CONCLUSIONS OF FLOOD CONTROL DISTRICT NO. 1 OF IDAHO

From the foregoing we cannot help but conclude that—

(*a*) Channelization and bank stabilization alone do not provide for maximum utilization and development of the water resources of the Snake River Basin.

(*b*) Burns Creek Dam, according to the studies of the Corps of Engineers in cooperation with the Bureau of Reclamation and Geological Survey, is an integral part of a water-resource plan of development as authorized incident to a modification of House Document No. 531, 81st Congress, 2d session.

(*c*) The construction of Burns Creek Dam cannot help but enhance the objectives of Flood Control District No. 1 by further stabilizing the flow of Snake River as it passes through the confines of the district.

(*d*) While the district is without the necessary statistical and financial data to comment upon the matter of development and use of the waters to be impounded by Burns Creek Dam for irrigation and, incident thereto, to production of hydroelectric power, it is our understanding that these factors alone provide economic justification for the construction of the dam, without regard to the economic benefits which would ensue incident to flood control.

(*e*) The costs of channelization and bank stabilization of the Snake River, as it will ultimately be required, will approach not only the cost of Burns Creek Dam, but also the cost of other upstream storage facilities on the Snake River and its tributaries under a program for the maximum development and utilization of the waters of Snake River.

It is, therefore, respectfully submitted that the construction of Burns Creek Dam should be commenced immediately as one of the integral parts of an overall plan of development of the Snake River Basin, inasmuch as the economic benefits ensuing, not only from the additional irrigation waters and the hydroelectric power, but also from the other possibilities to be realized, including flood control, will justify the authorization and construction of the dam.

FLOOD CONTROL DISTRICT NO. 1 OF IDAHO,
By M. G. KOON, *Chairman.*

Attest:

IRVIN V. HARROP, *Secretary.*

APPENDIX A

Canal	Diversions (acre-feet)	Acres irrigated	Canal	Diversions (acre-feet)	Acres irrigated
Riley	5,370	870	Reid	43,700	5,300
Progressive Irrigation District	217,000	31,655	Texas Feeder	78,000	9,000
Farmers Friend	94,000	10,950	Nelson Corey	2,160	430
Enterprise	41,000	5,000	Hill Pettinger	857	160
Nelson	343	53	Rigby	44,600	4,000
Mattson & Arnsberger	3,800	500	Dilts	6,850	800
Ross & Rand	1,030	130	Island	44,700	3,600
Butler Island	12,400	1,200	West Labelle-Long Island	137,000	10,500
Steele	1,610	220	Parks & Lewisville	95,700	7,000
Harrison	111,000	13,000	North Rigby	15,200	1,500
Cheney	1,450	180	White	918	160
Rudy Irrigation Co.	51,300	5,500	Ellis	995	100
Kite & Nord	1,330	200	Bramwell	2,310	200
Burgess	220,000	22,000	Butte & Market Lake	80,700	20,000
Clark & Edwards	20,100	1,800	Osgood	30,800	6,550
Lowder Canal Co.	11,600	1,100	Bear Island & Smith	765	200
East Labell	34,800	2,600	Idaho	260,000	35,936
Sunnydell	38,000	3,800	Kennedy	11,500	2,700
Lenroot	32,700	4,200	Great Western & Porter	206,000	29,930

STATEMENT OF ANGUS MCDONALD, COORDINATOR OF LEGISLATIVE SERVICES OF THE NATIONAL FARMERS UNION, IN SUPPORT OF S. 281, BURNS CREEK PROJECT ON THE SNAKE RIVER

Mr. Chairman and members of the committee, I am appearing here in support of S. 281, the bill approved by the Senate during the previous session of Congress, which would authorize the construction of the Burns Creek project on the Snake River. The National Farmers Union for many years has supported the principle of comprehensive development of our river basins. We favor without reservation or exception what is commonly referred to as "multiple-purpose development," i.e., development which would utilize to the fullest extent all of the resources in a river valley. The principle is fundamental to the National Farmers Union program and compliments the principle that comprehensive development should redound to the benefit of the greatest possible number of our citizens.

This principle rests firmly on certain constitutional provisions and court interpretations which assert the ownership of the Nation's resources by the American people. The rivers of this Nation are held in trust by the Government of the United States for all the people and the Congress rightfully has assumed its responsibility for resource development to the end that the owners of resources might benefit to the greatest extent from their full utilization and development. This is a fundamental principle which transcends and sweeps aside any privileges or pretended rights of power companies.

It is, therefore, astonishing to us that power companies in Utah and in areas thousands of miles distant from the project have joined in the attempt to prevent the authorization of this much needed power and irrigation project. We are told that the power companies now list the defeat of the Burns Creek legislation as their No. 1 objective during this session of Congress.

Friends of comprehensive development as well as the appropriate agencies of Government have unanimously and without exception endorsed the Burns Creek project. The Bureau of Reclamation has effectively and finally answered the spurious arguments of the Utah Power & Light Co. These answers are printed in tabular form on pages 7 to 9 of Senate Report No. 439. This report was approved by the Senate Interior Committee with only one member dissenting.

The Burns Creek project is sound for a number of reasons. It would return, as is required by law, benefits commensurate with its cost. It would add 100,000 acre-feet of storage for long-term holdover irrigation. Water by means of electricity could be delivered to farmers at a cost of 4.7 mills per kilowatt. The cost per acre would be $4.60 whereas the cost to farmers for power purchased from privately owned power companies would cost $10.40 per acre.

Those objecting to the construction of Burns Creek contend that it would unfairly compete with electricity sold by power companies and with electricity generated by a proposed steamplant. In actuality the largest use of firm power would be completely outside the market area of the Utah Power Co. Arguments of the power companies do not take into account that power needs of the area will increase greatly in the future. There has been a shortage of power in the area and when the project is completed preference customers will immediately take the bulk of the power generated with no interference with existing power distribution by private companies.

One compelling reason for the construction at Burns Creek is that it would be operated in conjunction with the Palisades project and would actually bring about a doubling of the prime power output from Palisades. The primary purpose of Burns Creek is to regulate releases from the reservoir. Thus it would result in important increases in peaking power at Palisades and as pointed out by competent engineers would increase energy production from 635 million kilowatt-hours per year to 1,129 million.

Finally, we point out that this legislation is nonpartisan and is supported by Republicans and Democrats alike. The delegation from Idaho has unanimously endorsed this legislation. Idaho has unfortunately lagged in power development. It has suffered from restriction of the development of its natural resources, brought about in part by the influence of foreign corporations. We urge the committee to approve Burns Creek project. We think its construction is in the interest not only of the people of Idaho but of the country as a whole. Every dollar that is invested in the project will be returned to the U.S. Treasury. Ninety-eight percent of the entire cost will be paid by power users, despite the fact that irrigation benefits are considerable. Irrigation is greatly needed in the area. During lean water years, water from the Burns Creek Reservoir will mean to the farmer the difference between a good crop and perhaps a total failure.

STATEMENT BY JOHN T. CURRAN, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, IN SUPPORT OF H.R. 1235, TO AUTHORIZE CONSTRUCTION BY THE BUREAU OF RECLAMATION OF THE BURNS CREEK PROJECT, SNAKE RIVER, IDAHO

My name is John T. Currant. I am legislative representative of the American Federation of Labor and Congress of Industrial Organizations. I wish to convey the full support of the AFL–CIO and the Idaho State Federation of Labor, AFL–CIO, for S. 281 and H.R. 1235, authorizing construction by the Bureau of Reclamation of the Burns Creek project on the Upper Snake River in Idaho.

Construction of Burns Creek would accomplish these desirable multiple-purpose development goals in southern and southeastern Idaho:

1. Reregulate storage releases from the Bureau's Palisades Dam and Reservoir 30 miles upstream and thus prevent undesirable riverflow fluctuation and utilize the potential of Palisades more efficiently.

2. Store 234,000 acre-feet of water, of which 100,000 acre-feet would be used as holdover storage for irrigators to call upon during critically low streamflow years, thus assuring adequate water for croplands in the area under the most adverse conditions.

3. Combine operation of Burns Creek and Palisades for power production purposes. This type of integrated operation would more than double prime power output from the Palisades project.

4. The 90,000-kilowatt power facilities at Burns Creek will provide an additional supply of power amounting to 60,000 kilowatts of annual dependable capacity to preference customers in southern Idaho. These small rural electric cooperatives, irrigation districts, and utilities will soon be faced with a power shortage from Palisades. Burns Creek will assure them under terms of the instant authorizing legislation, of future supplies of reasonable priced wholesale power for the domestic, commercial, and pumping irrigation needs for some time to come.

We are opposed to any amendment which would in effect artificially increase the cost of Burns Creek power by reducing the commercial power payout period from 58 to 50 years. We have failed to find any overall policy in the reclamation laws which would of itself justify singling out Burns Creek for such a penalty. If it should be thought desirable to establish a fixed 50-year authorization period on the commercial power features of Bureau of Reclamation projects, it is our feeling that legislation should be introduced to apply this to all future Bureau projects rather than attaching this kind of a rider to a project authorization bill.

We, therefore, feel most strongly that construction of Burns Creek is in the public interest and in agreement with the policy resolution of the AFL–CIO on full and comprehensive development of America's water resources.

Statement Presented for Northwest Public Power Association Favoring Burns Creek Dam

Mr. Chairman and members of the committee, my name is Gus Norwood. For over 12 years I have served as executive secretary of the Northwest Public Power Association, comprising 111 consumer-owned electric distribution systems serving 2 million people in Alaska, Montana, Idaho, Oregon, and Washington.

STATEMENT OF POSITION

We are in favor of the Burns Creek project. As recently as November 7, 1959, the board of trustees of the association, by resolution, supported the construction. The Burns Creek project report was issued by the Department of the Interior in March 1956, and as soon as April 12, 1956, the association was on record favoring the project. This stand has been continually reinforced by grassroots opinions from member utilities and consumers in the southern Idaho area.

The 111 member utilities of this association have long expressed an interest in comprehensive, multiple-purpose development of the Nation's natural resources. We have continually supported long-range planning to achieve optimum public use of these resources. Our actions have been guided by the definition of conservation as the wise use of natural resources to achieve the greatest good for the largest number of people for the longest time.

IRRIGATION POLICY

We believe that hydroelectric power is one of the coequal purposes of water resources development. At the same time, we consider irrigation also as a coequal purpose of water resources development. In support of this stand, the board of trustees, on November 7, 1959, adopted the following resolution relative to irrigation:

"We support a positive irrigation program in the Pacific Northwest as required by the demand for agricultural produce. To this end we urge investigations and study to determine the long-range, economically feasible irrigation potentials as limited by the availability of water and land."

SUPPORT OF THE BURNS CREEK PROJECT

For the general reasons stated above and for the specific reasons to be cited, we are in support of S. 281 as amended and adopted by the Senate and H.R. 1235 which would authorize construction of the Burns Creek project.

We have supported this project in the past. We submitted a letter of testimony, dated June 6, 1957, to the Honorable James E. Murray, chairman, Senate Committee on Interior and Insular Affairs. It supported the construction of the Burns Creek Dam, and further urged that Federal transmission lines be constructed to connect with Palisades Dam and the Minidoka project. This letter was inadvertently omitted from the 1957 hearings record. It is attached to our present testimony.

ADMINISTRATIVE APPROVAL

We feel that previous hearings on the Burns Creek project and the project report have proved the need and feasibility of this construction. The Burns Creek project report issued by the U.S. Department of Interior and the Bureau of Reclamation on March 1956 concluded:

"That the plan for constructing a dam, reservoir, and powerplant at the Burns Creek site on Snake River for the purposes of reregulation of Palisades powerplant releases, at-site power production, and for storage of irrigation water, has engineering, economic, and financial feasibility."

The report also stipulated: "The Burns Creek Dam, powerplant, and reservoir has economic justification with benefits exceeding costs by a 1.27 to 1 ratio, using a 50-year period of analysis. If the analysis were made using a 100-year period, this ratio would be 1.48 to 1."

This genuine, multiple-purpose development has been approved by the Department of the Interior, the Department of Agriculture, and the Bureau of the Budget. S. 281 with amendments was passed by the Senate last July 24, 1959. The project was included in the current budget proposed by the President with a recommendation for $500,000, subject to enactment of this bill by the Congress.

Furthermore, it has the overwhelming support of water and power users in the State of Idaho.

SPECIFIC REASONS

Burns Creek Dam would be an investment, not an expenditure.

Productivity of irrigated lands is the economic foundation of southern Idaho. The majority of the population depend upon agricultural output or related services.

The irrigation aspect takes two forms. One is the provision of water for conventional gravity or ditch irrigation. The other is the provision of electric power for pumping and sprinkler irrigation. In addition, any industrial expansion would be feasible only through an adequate supply of power in the area.

Edwin C. Schlender, secretary of the Snake River Power Association, stated on March 20, 1959, that "There has been a definite shortage of firm power for the cooperatives and municipalities in southern Idaho since 1955."

The Honorable Frank Church, U.S. Senator from Idaho, indicated in his statement of March 16, 1959, during the hearings, that this serious power shortage would be alleviated through power generation at Burns Creek and by the firming of Palisades generation. He also said: "The marketability of the increased power is not based on displacing loads now being adequately served. The Federal Power Commission has reported that the rate of load growth is such that the output of the project could be utilized as soon as the project is completed."

Burns Creek should be considered an integral part of the Palisades Dam project. As a part of the total Columbia River system, Burns Creek combined with Palisades Dam, provides a better-balanced, multiple-purpose development, including downstream flood control. They are both needed. The Burns Creek Dam will double the firm power capability of Palisades Dam.

The U.S. Department of Interior communication of April 21, 1959, says: "The prime purpose of the Burns Creek development is reregulation of releases from Palisades. In addition, 100,000 acre-feet of its 234,000 acre-feet of reservoir capacity will be available for long-term holdover irrigation storage purposes. * * * It will, in effect, provide insurance water to be used during such periods of extreme drought as occurred during the early 1930's."

This means that the irrigation storage provided at Burns Creek could mean the difference between crop failure and crop harvest in a lean water year.

STORAGE IMPORTANCE

The importance of holdover storage is graphically shown at page 675 of the Boise, Idaho, hearings on October 13, 1959, by the Senate Select Committee on National Water Resources pursuant to Senate Resolution 48. This bar graph was submitted by Regional Director Harold T. Nelson, of the Bureau of Reclamation, to show that although the adjusted average spill at Milner Dam was 1,130,000 acre-feet per year, there was no spill at all during the 8 successive dry years of 1930–38 and the 3 dry years of 1939–42. At the other extreme the spill has been as great as 3,385,000 acre-feet in 1 year. The answer to this problem is better river regulation by means of upstream storage. The Burns Creek project not only would provide storage but would later be an important beneficiary when future upstream storage projects are built. This will enhance the long-range usefulness of the combined Palisades-Burns Creek project for irrigation, flood control, hydroelectric power, and other purposes.

STAKE OF THE CONSUMER

In contrast to projects like Canyon Ferry and Anderson Ranch where much of the power must be sold by the Government at sacrifice prices, most of the output of Burns Creek has an assured market at firm power prices. The consumer-owned or preference customers of southern Idaho will provide this assured market.

Idaho has 33 preference electric distribution systems, including 13 municipal systems and 20 cooperatives. These systems serve 120,000 people in the State. Of the 33 systems, 24 are in the service area of the Burns Creek project.

It is interesting to note that the first rural electric cooperatives in the United States were formed in Minidoka and Cassia Counties in the vicinity of Minidoka Dam. The Farmers Electric system at Rupert, Idaho, was formed in 1914. The cities of Idaho Falls and Burley established municipal electric systems in 1901 and 1908 respectively.

This area is known also for one of the first Federal reclamation projects in the Nation, the Minidoka irrigation project, authorized by Congress in 1904. It is a pioneer example of the multiple-purpose teamwork of hydroelectric power and irrigation.

STATE NEEDS FEDERAL INVESTMENT

We feel that the State of Idaho, generally, has been slighted when appropriations have been made for water resources development in the Northwest. This is directly illustrated by the budget requests made to Congress by the President this past January. The budget total for water, conservation, dam construction, and reclamation projects in the Northwest came to $163 million. Of this amount, specific work requests came to more than $92 million for Washington, and more than $35 million for Oregon. Idaho trailed far behind with slightly more than $1 million.

Idaho desperately needs Federal investments to develop the State's large potential of natural resources.

For example, in the field of waterpower, the Nation has development 23 percent of its potential but only 9 percent of the Idaho potential. Yet, according to the Federal Power Commission, Idaho is third among the States with 8,742,530 kilowatts available.

Further development of these resources would make possible new payrolls, would encourage industrial expansion, would considerably bolster the morale of the citizens and would insure repayment of the Federal investment. It would provide economic opportunities for the youth of the State in farming and other fields. The lack of economic opportunities has forced many youngsters to leave their home State to search for jobs elsewhere.

The slowing down of population growth and the correlated effect of lower personal incomes within the State as compared to other Northwest States are revealed in the survey of "Personal Income by States Since 1929" published by the U.S. Department of Commerce in 1956.

From 1950 to 1955 U.S. population increased 9 percent, Washington 9 percent, Oregon 10 percent, but Idaho only 3 percent.

The State's disposable personal income is relatively lower than that of any other Northwest State. For 1953, the per capita disposable personal income was Idaho, $1,330; Washington, $1,727; and Oregon, $1,566. The continental United States figure was $1,565.

CONCLUSIONS

The Burns Creek project has been fostered, nurtured, and supported on a bipartisan basis by both Idaho Senators.

The Honorable Frank Church, in the Senate debate on July 24, 1959, said:

"The Burns Creek Dam, which would be authorized * * * is not a radical innovation. It is the next step forward in a self-supporting program which has brought the area to its present levels of productivity, and will carry it to new heights. It is in the best tradition of multiple-purpose development which has permitted the West to bloom and prosper."

The Honorable Henry Dworshak, U.S. Senator from Idaho, commented on March 16, 1959:

"Burns Creek is designed to fit into the already constructed Palisades Reservoir project as a stream-regulating, water-storage, and power-producing project. I believe it exemplifies the concept of maximum development of water resources. It is a reimbursable project, which together with Palisades will repay the Government costs of construction plus millions in taxes from increased agricultural yields and industrial activity spurred by power and water resources it will make available to a large section of southeastern Idaho."

For these reasons and in concurrence with the Senators and the citizens of the State of Idaho, the Northwest Public Power Association urges immediate authorization of the Burns Creek project.

We also endorse the President's budget recommendation of $500,000 to initiate construction.

NORTHWEST PUBLIC POWER ASSOCIATION,
Vancouver, Wash., June 6, 1957.

Re Burns Creek Dam.

Hon. JAMES E. MURRAY,
Chairman, Senate Committee on Interior and Insular Affairs,
Senate Office Building, Washington, D.C.

DEAR SENATOR MURRAY: The suddenness of the hearings on the Burns Creek Dam precluded earlier submission of testimony by this association.

The Burns Creek Dam would be a desirable project provided that Federal transmission lines are constructed to connect with Palisades Dam and the Minidoka project.

The Idaho Power Co. wheeling agreement is entirely unsatisfactory. It should be canceled. Just recently the Idaho Power Co. utilized its tremendous leverage of having wheeling control of Palisades power to force the city of Burley, Idaho, to surrender an attractive industrial load.

In recent years an appropriations bill rider has made Bureau of Reclamation transmission line appropriations null and void if a power company would agree to wheel power. It makes no difference how atrocious the wheeling agreement may be, the Bureau is helpless, or at least so the Bureau officials advise me.

An obvious and partial remedy is to repeal the rider in the appropriations bill.

In the case of the Burns Creek Dam bill I would urge that construction power be provided by means of 115,000-volt Federal transmission lines interconnecting with Palisades Dam and the Minidoka project, and that commencement of construction of the Burns Creek Dam be contingent upon prior or simultaneous construction of such transmission lines.

Speaking from hindsight may I say I wish we had testified similarly before the Canyon Ferry Dam and Anderson Dam were built as these are now captive projects, controlled by private utilities because the Federal Government lacks transmission lines to permit sale of power at firm power rates in accordance with law. We hope these errors can be prevented at Burns Creek Dam.

It is respectfully requested that unless the law is changed, Burns Creek will be another private power captive dam.

There is no sense in building Federal dams for Wall Street. The key is the transmission line.

Accordingly, in endorsing the Burns Creek Dam we do so contingent on the construction of transmission lines for (*a*) integration with Palisades Dam and the Minidoka project, and (*b*) for power marketing to preference agencies in southeastern Idaho who urgently need the power.

Thank you for your many courtesies.

Sincerely,

GUS NORWOOD,
Executive Secretary.

Mr. ROGERS. The gentlewoman is recognized.

Mrs. PFOST. Mr. Chairman, I have a wire from Mr. Bill Roper, of Burley, Idaho, and another from Mr. Carl M. Shaner, of Ririe, Idaho, both in favor of the Burns Creek project, which I should like to have made a part of the record.

Mr. ROGERS. Without objection, they will be included in the record.

(The telegrams referred to are as follows:)

RIRIE, IDAHO, *February 11, 1960.*

Hon. GRACIE PFOST,
Idaho Congresswoman,
House of Representatives,
Washington, D.C.:

We know our Representatives in Congress are American statesmen. Minority does not rule. We are seriously in need of Burns Creek Dam now. Your full support appreciated.

CARL M. SHANER,
Mayor, Ririe, Idaho.

BURLEY, IDAHO, *February 16, 1960.*

Hon. GRACIE PFOST,
House of Representatives, Washington, D.C.:

I favor House bill 1235, Burns Creek project. Needed for reclamation purposes in this area. Recommend that they vote it out of committee with due passage.

WILLIAM ROPER.

Mrs. PFOST. A letter from the Milner Low-Lift Irrigation District, also favoring the project.

Mr. ROGERS. Without objection, that will be included in the record.

(The letter referred to is as follows:)

MILNER LOW-LIFT IRRIGATION DISTRICT,
Murtaugh, Idaho, February 2, 1960.

Hon. GRACIE PFOST,
Congresswoman from Idaho,
House Office Building, Washington, D.C.

DEAR MRS. PFOST: We wish to advise you that the board of directors of the Milner Low-Lift Irrigation District, Murtaugh, Idaho, at their regular monthly meeting held on February 2, 1960, unanimously passed a resolution endorsing the proposed legislation (S. 281) to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating and irrigation reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes.

We are very much interested in S. 281 because we have 1,641 acres of very fertile land in our project without water. We have made application for 15,500 acre-feet of space in Burns Creek Reservoir to irrigate the said lands.

We hereby request that this letter be on record and be read at the hearings beginning February 15, 1960, on S. 281 before the House Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs.

Very truly yours,

MILNER LOW-LIFT IRRIGATION DISTRICT,
By MAX BOLEY, *President,*
EARL D. SEARS, *Secretary.*

Mrs. PFOST. I have wires from Mr. Tom Olmstead, president of the board of directors of Twin Falls Canal Co., and Mr. James Silbaugh, president, board of directors of the North Side Canal Co., who state their opposition to any effort on the part of fish and game interests to authorize allocation of irrigation storage water to Grays Lake. I should like to have those included in the record.

Mr. ROGERS. Without objection, they will be included in the record.

(The telegrams referred to are as follows:)

TWIN FALLS, IDAHO, *February 13, 1960.*

Hon. GRACIE PFOST,
Congresswoman from Idaho,
House Office Building,
Washington, D.C.:

Following telegram sent to Congressman Rogers: "Board of Directors of Twin Falls Canal Co., representing 200,000 irrigated acres, adopted a resolution at its regular meeting on February 10 opposing any effort on the part of fish and game interests to authorize allocation of any irrigation storage water made available under the Burns Creek authorization bill (S. 281) for development of fish and wildlife at Grays Lake Refuge. If this were done the project would cease to have any irrigation features."

Respectfully ask that this telegram be made a part of record of hearing commencing on February 16.

TOM OLMSTEAD, *President, Board of Directors.*

TWIN FALLS, IDAHO, *February 13, 1960.*

HON. GRACIE PFOST,
Congresswoman from Idaho, House Office Building, Washington, D.C.:

Following telegram sent to Congressman Rogers: "We are informed that fish and wildlife interests may seek to amend Burns Creek authorization bill (S. 281) to authorize allocation of some 55,000 acre-feet of storage water now allocated to irrigation for conservation and development of fish and wildlife at proposed Grays Lake Refuge. The board of directors of North Side Canal Co., representing 160,000 irrigated acres, are definitely opposed to any such proposal. This would defeat reclamation features of project.

"Would appreciate if our views made part of record at hearing commencing on February 16."

J. H. SILBAUGH,
President, Board of Directors, Jerome Idaho.

[Subsequently, a telegram from Hon. John Sanborn, who testified at the hearing, was received and authorized for inclusion in the record at this point.]

HAGERMAN, IDAHO, *February 22, 1960.*

HON. GRACIE B. PFOST,
Old House Office Building, Washington, D.C.:

Idaho Farm Bureau Federation endorses Burns Creek project with amendment protecting farmers and stockmen in Grays Lake area and urge favorable consideration. I personally concur.

JOHN SANBORN.

Mrs. PFOST. Mr. Chairman, I should also like to ask whether or not the unanimous-consent request of the gentleman from Pennsylvania to submit questions to witnesses who have appeared here will apply to witnesses who appeared last year also.

Mr. ROGERS. Well, there may be some question about that, Mrs. Pfost, and without objection the Chair will recognize you for a unanimous-consent request that they be included.

Mrs. PFOST. Mr. Chairman, I would ask unanimous consent that members of the committee who wish to submit questions to any witnesses who appeared here last year, be permitted to ask the questions and get the answers in writing and submit them for the record.

Mr. ROGERS. Without objection, it is so ordered.

(Subsequently, the following letter was submitted for the record by Hon. Gracie Pfost in answer to certain questions asked the Bureau of Reclamation regarding the Burns Creek project:)

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
REGIONAL OFFICE, REGION 1,
Boise, Idaho, February 20, 1960.

HON. GRACIE PFOST,
Member of Congress,
Washington, D.C.

DEAR CONGRESSWOMAN PFOST: This will reply to your letter to me dated February 18 in which you request answers to 10 questions concerning the proposed Burns Creek Dam, powerplant, and reservoir addition to the Palisades project.

It is understood that these data are intended to be made a part of the hearings record of the Subcommittee on Irrigation and Reclamation of the House Committee on Interior and Insular Affairs in connection with hearings on S. 281 and H.R. 1235 which were concluded on February 17, 1960.

The questions are answered in the order contained in your letter as follows:

Question No. 1: Would you describe for us the evolution of the Burns Creek project and its relationship to Palisades?

Answer: The evolution of the present proposal for adding a dam, powerplant, and reservoir at the Burns Creek site to the existing Palisades project may be summarized as follows:

1951

First studies of a facility to reregulate Palisades powerplant releases were begun responsive to the suggestion of the Federal Power Commission in its letter of January 17, 1950 (see p. VIII, H. Doc. 720, 81st Cong., 2d sess.). This resulted in a determination that a capacity of 17,000 acre-feet downstream from Palisades would permit Palisades powerplant to operate at full capacity 14 hours a day, 5 days a week, and be shut down completely the balance of the time. The 17,000 acre-feet of pondage would allow uniform releases to be made downstream past all canal headings at all times. Four sites along Snake River were studied initially. These were at Swan Valley, Conant Valley, Dry Creek, and Burns Creek, ranging from 16 to 30 miles downstream from Palisades. It was impossible to consider sites any further down because the canyon opens up and the first of the many irrigation canal headworks are in the riverbed. It should be emphasized at this point that Palisades standing alone is completely sound and the reregulation suggested by FPC was not for the purpose of providing additional regulation downstream but for the purpose of providing upstream fluctuations to make an even better use of machine capacity and investment already in the Palisades powerhouse. Thus there would never be a requirement for another reregulating reservoir below Burns Creek because Burns Creek releases would always be uniform.

1952–53

As the independent studies were going on looking into reregulation to increase Palisades power values, the irrigation storage space in the Palisades Dam, 1,200,000 acre-feet, then under construction, was oversubscribed by 300,000 acre-feet. It was necessary to set up an allocation committee to allot the available Palisades irrigation space and scale down the requests received. At this point the water users agreed among themselves that the next 300,000 acre-feet of new space that could be located and developed on Snake River would be given the same priority as Palisades if made available to relieve the 300,000 acre-foot oversubscription. In other words, the water users at this point requested hydraulic integration of the next 300,000 acre-feet that would be developed on the river. The Bureau immediately started investigations independent of the reregulation problem to locate more irrigation space. The possibility of enlarging Palisades Dam was first looked at and discarded because of site limitations and strenuous backwater objections from the State of Wyoming.

The Bureau next started investigating storage sites upstream in Wyoming (the Narrows site and others). Near the close of 1953, Bureau studies downstream indicated that the increase in Palisades power value from a single-purpose 17,300 acre-feet reregulating reservoir would not justify the construction of a low dam.

1954–55

A series of public hearings were held by the Army Corps of Engineers, one of which was held in Jackson, Wyo., in connection with Snake River development possibilities in Wyoming. Objections by recreation and wildlife interests to any further dams in Wyoming were most strenuous. The Bureau has subsequently completed its Narrows investigation and has concluded that (1) no further action should be taken on a project in this stretch of river because of Wyoming objections, and (2) the costs at this time would require that any power developed would be above the present market value in cost.

Immediately after the Wyoming hearing, all upper Snake River water users and canal companies who have an annual meeting each year of what is known as water district 36, formally passed a resolution requesting the Bureau to add whatever irrigation storage was possible to the reregulation study then underway below Palisades.

In the light of the above developments, investigation of a multiple-purpose project below Palisades was begun in 1955 which included incorporating the previous studies of a reregulating reservoir with storage for irrigation and a range of at-site powerplants ranging in size from 45,000 kilowatts to 90,000 kilowatts.

1956

Before the final report was prepared the several alternates were presented to the water users and all other interested parties at a public meeting of the upper Snake River water users protective union in Idaho Falls, which resulted in another unanimous resolution that the Bureau prepare a final report based

upon complete multiple-purpose development of the Burns Creek site for the combined purposes of providing irirgation storage, at-site power, and reregulation of Palisades powerplant releases.

In summary, then, the current Burns Creek proposal provides for multiple-purpose development of the only site left on Snake River between American Falls Dam and Palisades Dam on the main stem of Snake River in Idaho. A re-regulating dam without storage or powerplant would be of little or no benefit to the irrigators because Palisades is operated now strictly in accordance with irrigation requirements downstream and so as not to provide any fluctuations downstream during the irrigation season.

Burns Creek is one more link in the orderly development of the Snake River water resource that started in the 1880's and is geared to the economic growth of the area. At no point of time when Minidoka Dam and powerplant was built in 1907 through to Palisades in the 1950's was there an implication that each project along the way was the last project that should be built or that all future needs were taken care of. This implication was not made when Hoover Dam was built on the Colorado, when Grand Coulee Dam was built on the Columbia, or Fort Peck on the Missouri.

Question No. 2: How effectively will the 100,000 acre-feet of storage in Burns Creek be used for irrigation during the life of the project?

Answer: It was brought out in the answer to question 1 that the water users have contractually agreed upon the hydraulic integration of Burns Creek storage space with the yield of irrigation space in the existing Palisades Reservoir. This agreed-upon integration enormously increased the usefulness and yield of Burns Creek space compared to what it would be standing alone or if in some other reservoir built on this reach of Snake River and not integrated with Palisades.

The proposed Burns Creek Reservoir alone, with a storage priority junior to Palisades Reservoir, could serve only as long-term holdover supply with the full storage capacity delivered and used two or three times in the last 50 years. The Palisades contracts, however, provide for operation of Burns Creek Reservoir as though its storage priority were the same as that established for Palisades and consequently the potential storage water yield for all practical purposes would be identical to that for Palisades Reservoir.

The operation of all the reservoirs on the upper Snake River will be coordinated, with the reservoir system operated as a pool so as to obtain maximum water yields. The basis for such coordination is provided in the Palisades contracts. The proper integration of additional holdover storage capacity into the existing storage system permits fuller utilization of the more firm yielding capacity such as that in American Falls and Jackson Lake Reservoirs. The individual irrigation companies and districts then may safely make larger drafts on their early priority storage. It is no longer necessary to use potential high yield capacity as holdover storage for insurance against the occasional dry year. This is borne out by actual experience in storage use in 1958 and 1959.

Operated in the above manner, the 100,000 acre-feet of irrigation storage capacity to be provided by construction of the proposed Burns Creek Reservoir would provide a real increase in irrigation storage water supplies. It is estimated that the long-term average annual yield of the reservoir system would be increased by 25,000 acre-feet. Although this increase results, in part, from better utilization of existing storage capacity, this appears to be a fair measure of the contribution which the proposed development could make.

In summary, the value of this space to the upper Snake River water users is amply demonstrated by the fact that when the watermaster called for applications for Burns Creek space if and when available, it was oversubscribed by 50 percent. These applications were inserted in the record in August 1959.

The above description of Burns Creek operations will also demonstrate why Burns Creek space could not be used by the Secretary to reactivate the earlier controversial Grays Lake exchange even if he were so disposed and the legislation could be construed to so permit.

Question 3: With Palisades upstream, will silting of the Burns Creek Reservoir be a severe problem as was brought out by Mr. Naughton of the Utah Power Co.?

Answer: Mr. Naughton was undoubtedly thinking of sedimentation problems that do exist in some streams of the Southwest. Because the watersheds of Snake River lie in heavily covered areas of national forests and Yellowstone National Park, there will never be a significant loss of capacity due to silting in Burns Creek, Palisades, nor has there been in existing reservoirs on Snake River that have been operated over 40 years. For example, actual measurements of

sedimentation in Arrowrock Reservoir were made in 1947 after the reservoir had been in operation 32 years. The measurement showed that 7,700 acre-feet of silt accumulated in 32 years, which is about 4.1 percent of the capacity of 186,000 acre-feet. The Boise River Basin has a sediment rate much higher than will ever be the case above Burns Creek because of early-day placer mining and less watershed cover.

At rates estimated by the Soil Conservation Service, U.S. Department of Agriculture, as applying to the specific area, the estimated sediment deposition in 100 years from the 4,300 square mile drainage area above Palisades would not exceed 50,000 acre-feet in Palisades Reservoir, which is about 3.6 percent of the total capacity of 1,400,000 acre-feet. In other words, it will be about 400 years before sedimentation exceeds the dead storage capacity of 200,000 acre-feet. Burns Creek Reservoir will have a river level outlet which will prevent the accumulation of any significant sediment deposit.

Question 4: Did not the Bureau estimate Palisades project at $76 million and then build it for $63 million?

Answer: The answer is essentially yes. However, the difference is not all savings; 124 miles of transmission lines and 3 substations originally authorized as a part of the original product and a part of the $76.6 million estimate were not built from Goshen to American Falls because of the execution of wheeling contracts with the Idaho and Utah Power Cos. These facilities account for about $3.8 million of the total. The balance is essentially savings reflected in extremely favorable bid prices.

Question 5: Will you try to achieve a reduction from your present estimate for the Burns Creek project?

Answer: Yes. Cost estimates are based on the best current data available on material, labor, and contract costs prevailing on the date of the estimate. In addition, suitable contingency factors are applied, in this case 20 percent, for construction of the dam and reservoir, 25 percent for the powerhouse. Naturally, final construction designs will take advantage of any favorable site conditions. Further than that, final costs will depend upon bid prices received and the extent to which unforeseen conditions do or do not develop within the contingency factors assumed.

Question 6: If Burns Creek project is authorized, will the Bureau try to find a profitable market for the added peaking capacity that will be available at Palisades after it is integrated with Burns Creek?

Answer: Yes. The present Burns Creek-Palisades payout schedules are conservative in that they are predicated on returns from the existing rate schedules with no added return assumed for the additional peaking capacity that will accrue to the system. Peaking capacity does have added value. For example, a premium payment for peaking service at Anderson Ranch Dam on the Boise project is being paid by the Idaho Power Co. Over a 50-year payout period it is expected that peaking capacity will gain in value as the area load develops and to the extent that these values are realized, payout will be improved over that now assumed.

Question 7: What is the long-range outlook for integrating thermal power into the power systems of the Pacific Northwest?

Answer: The Snake River power systems are a part of the Pacific Northwest area covered by long-range power market surveys conducted both by the Federal Power Commission and the Bonneville Power Administration. One such important long-range outlook for peakload and dependable capacity as published in the Army Engineers 308 Review Report is attached as a part of this answer. (See p. 388.) It will be observed that FPC peakload estimate shows that by 1970 1 million kilowatts of new thermal capacity will be required; by 1975 this jumps to 3 million kilowatts; by 1980, 6 million kilowatts; and by 1985, 10 million kilowatts. In other words, by 1985, 40 percent of the new capacity will be thermal and available hydro will not only drop off but the operation of all hydro will be changed to make possible effective integration with new thermal.

In my opinion, holding back feasible hydro developments because of possible competition with coal in the Pacific Northwest creates a highly artificial situation that cannot long prevail in view of the dominant role that awaits thermal power from here on out. A better long-range answer is for feasible hydro to be developed as a basis for a more widespread integrated use of thermal to go along with it.

Question 8: What do you have in mind in the way of fish and wildlife and recreation facilities in connection with the Burns Creek project?

Answer: I cannot, of course, speak for the Bureau of Sports Fisheries or the National Park Service other than to say that I am unaware of any planning that was not confined to the Burns Creek Reservoir area and upstream and downstream areas on Snake River.

At the time our planning studies were being completed for the Burns Creek reregulating dam and reservoir, the Fish and Wildlife Service recommended that a minimum release of 1,000 cubic feet of water per second be provided at all times immediately below the Palisades reregulating dam and that additional detailed studies of fish and wildlife resources be made. The Fish and Wildlife Service has continued their studies and have contacted us from time to time. Based on these discussions, we had in mind that the modifications for fish and wildlife would consist of facilities in the vicinity of Burns Creek and Palisades. Such things as artificial spawning areas below both dams, streambed improvements on the small tributary streams between the dams, and possible screening of downstream diversions were envisioned.

Planned recreation facilities consist of replacement facilities for three forest camps which would be inundated within Burns Creek Reservoir area and minimum basic facilities. These latter include picnic facilities at the Burns Creek, Black Canyon, and Dry Canyon areas, and launching facilities and parking areas at both the lower and upper end of Burns Creek Reservoir.

Question 9: How much summer firm power will be made available by the addition of Burns Creek Dam?

Answer. Expressed in terms of kilowatt-hours, it is estimated that the integrated Burns Creek-Palisades operation will add 143.6 million kilowatt-hours of year-round firm energy, and 154.6 million kilowatt-hours of so-called irrigation season firm power over that available from Palisades powerplant operating alone. The term "irrigation season" firm may be a term unique to people accustomed to conventional power terms. Both Palisades and Burns Creek will be passing large quantities of stored irrigation water from Jackson Lake and Palisades Reservoirs during the irrigation season. This water is required to be released for downstream irrigation use. We have then the ideal combination of large water releases during the irrigation season which in turn can generate proportionate blocks of energy that fit the irrigation release pattern. Neither this water nor the energy are available outside of the irrigation season but a fixed part of both are firm during every irrigation season. Of course, the water and the energy go separate ways after leaving Burns Creek because the water is largely used in gravity canals by old developments along the river.

As mentioned by Mr. Naughton in his testimony, however, it happens that there is a large underground waterflow, particularly north of Snake River, all the way from the Mud Lake area to the Thousand Springs area near Hagerman. No natural stream of any consequence enters Snake River from the north in almost 300 miles because most of the live streams sink into the lava beds after emergence from the mountain ranges to the north. An official of the U.S. Geological Survey has estimated that the Snake River Plain may contain as much as 400 million acre-feet of water in storage underground, of which about 5 million acre-feet are discharged annually into the Snake River below most of the present surface diversion points upstream. This tremendous potential was virtually untouched until after World War II. Now, some 300,000 acres of new lands have been developed largely by private initiative. The Minidoka North Side Pumping Division was developed by the Federal Government to open up some 66,000 acres of public domain to veterans of World War II and Korea, and this acreage gets its water supply from underground water using Palisades project summer generation for pumping.

This discussion is furnished to bring out the important relationship of Burns Creek-Palisades summer generation to the underground water supply and the potential future irrigation development on Snake River Plain. The Government is not proposing any new large-scale irrigation developments comparable to Minidoka North Side at this time, but several water exchange proposals to aid areas presently distressed by surface water shortage are under study that may use some of this pumping energy if and when available. Since no Federal developments are recommended, no irrigation benefit as such was associated in the Burns Creek project report with the large block of new irrigation season energy.

Question 10. Can you give us an estimate of the number of acres that could be developed through the use of this pumping energy based on pumping experience to date?

Answer. The number of acres that can be irrigated by a given block of kilowatt-hours, of course, would be a function of the pumping lift, amount of water

pumped, and some other variables such as size and efficiency of plants, etc. Nonetheless, the Government has acquired some fairly representative data from actual operations to date on the Minidoka North Side Pumping Division previously referred to in the answer to question 9. This development may well be the largest single underground pumping project in the country, if not the world.

For calendar year 1958, 588 farms averaging 115 acres each used a total of 123,220 kilowatt-hours per farm at an average delivered cost of $4 per irrigable acre. Average farm delivery was 3.25 acre-feet per acre and average lift for each well was 207 feet.

On this basis, the 154 million kilowatt-hours of new irrigation season firm available from the Burns-Creek-Palisades combination would be enough to develop approximately 1,290 like farms, or 148,000 new acres.

I am inclined to think that opportunities available elsewhere than on Minidoka North Side would be at a higher head, which would reduce the acreage accordingly. As a practical matter, from 75,000 to 100,000 acres could conceivably develop in the next 10 to 15 years if pumping energy is available at a delivered cost of under $10 per acre.

I have attempted to make these answers factually responsive to your questions.

Very truly yours,

H. T. NELSON, *Regional Director.*

[Subsequently, the following letters from several witnesses were submitted for the record in answer to questions of Hon. John P. Saylor regarding their testimony before the committee.]

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 9, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR COLLEAGUE: In regard to the two questions of Representative Saylor I would like to have the following answers submitted:

Question 1: Do you know of any other instance where a reclamation project is used to bail out financially a power project of the Bureau of Reclamation?

Answer 1: I don't personally know of any.

Question 2: Where do you get the figure of $472,000 annually as the tax loss that would develop from the Burns Creek project?

Answer 2: The $472,000 annual tax loss is a Bureau of Reclamation calculation as to how much in taxes would be foregone by the Federal, State and local governments by the Burns Creek project being done by the Government rather than by private industry. The Bureau of Reclamation has to calculate these figures as a part of the cost in the benefit-cost ratio for a project. This figure can be found in the Planning Report of the Secretary of the Interior on the Burns Creek Project (H. Doc. 147, 85th Cong., p. 26).

Best wishes,

H. A. DIXON,
Member of Congress.

ROCHESTER GAS & ELECTRIC CORP.,
Rochester, N.Y., March 8, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

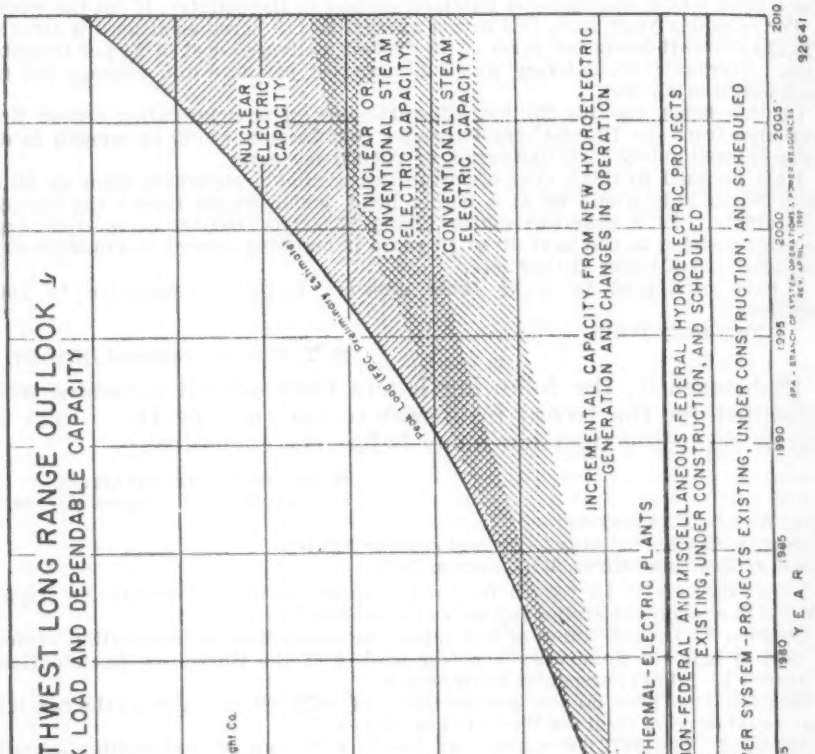
Subject: Burns Creek testimony, H.R. 1235.

DEAR CONGRESSMAN ASPINALL: The following information is submitted as supplementary material to my testimony before your committee and in response to Congressman John P. Saylor's questions contained in your letter of March 2, 1960.

Pages 168, 169

Question: What items of subsidy, in your opinion, enter into the cost of power to be produced by a dam such as Burns Creek to be built by the Bureau of Reclamation? How significant are these items of subsidy?

Answer: The usual items of subsidy, inherent in any Government electric power project, enter into the Burns Creek project. Out of every gross dollar


PACIFIC NORTHWEST LONG RANGE OUTLOOK 1/
FOR PEAK LOAD AND DEPENDABLE CAPACITY
NUCLEAR ELECTRIC CAPACITY
NUCLEAR OR CONVENTIONAL STEAM ELECTRIC CAPACITY
CONVENTIONAL STEAM ELECTRIC CAPACITY
PEAK LOAD (FPC preliminary estimate)
INCREMENTAL CAPACITY FROM NEW HYDROELECTRIC GENERATION AND CHANGES IN OPERATION
EXISTING THERMAL-ELECTRIC PLANTS
NON-FEDERAL AND MISCELLANEOUS FEDERAL HYDROELECTRIC PROJECTS EXISTING, UNDER CONSTRUCTION, AND SCHEDULED
U.S. COLUMBIA RIVER POWER SYSTEM-PROJECTS EXISTING, UNDER CONSTRUCTION, AND SCHEDULED
1/ Oregon, Washington, Idaho & Western Montana except area served by California Oregon Power Co. & Utah Power & Light Co.
MILLIONS OF KILOWATTS
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the customer of an investor-owned electric utility company pays for electric service an average of 23 cents goes for direct Federal, State, and local taxes. Federal power projects pay no Federal or State taxes and the local taxes paid, if any, are only token gestures. In other words, Federal power customers are not paying their proportionate share of Government costs and that share which they avoid must be paid for by other segments of our population. This is a direct subsidy amounting to almost one-quarter of the "preference" customers' electric bill.

The Bureau of Reclamation projects are set up on an interest rate of 3 percent. Cost of "long-term money" to the Federal Government is closer to 5 percent. Here again is a direct subsidy that is costing the general taxpayer close to 2 percent for financing charges alone.

Testimony on the Burns Creek project based on Bureau of Reclamation figures showed that, based on the Palisades rates, Burns Creek would fall short of paying interest charges alone by approximately $300,000—another direct subsidy for the project.

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In my testimony I asked, "Will the Government then be obligated to supplement hydro by building steam or atomic plants?"

Question: On what do you base this question? Have you any information that anyone is contemplating building steamplants to supplement the hydroplants of the Bureau of Reclamation?

Answer: Harold Nelson, regional director of the Bureau of Reclamation, while testifying before a Senate subcommittee in May 1959 on Burns Creek and the Snake River, said, "I have enough confidence in the development picture that I see in the Northwest to know that before too many years we are going to have to have a large thermal electric component in order to make better use of our hydro." The inference here is obvious.

N. B. Bennett, Assistant Commissioner of Reclamation, testified before the Senate Subcommittee on Irrigation and Reclamation in May 1959 in connection with the Burns Creek project as follows:

"* * * but these people (referring to preference customers) now have contracts for power with the Federal Government, and we believe that they should continue to receive from the Federal Government power to meet their growing loads."

This is a clear declaration of "utility responsibility" on the part of a Bureau of Reclamation official. It is obvious that if this policy is to be carried out, when the hydro capacity is used up it will be necessary to supplement it with thermal plants, steam or nuclear.

For years the proponents of "public power" have maintained that the Government had a utility responsibility. TVA is an excellent example of steamplants being built to firm up hydro in spite of the fact that TVA was primarily a flood control and navigation undertaking. The justification for the steamplants was based on the "utility responsibility" that TVA assumed without congressional intent.

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Question: Do you have any specific information on studies that the Bureau of Reclamation is making of projects that might involve power to be marketed in the Snake Valley?

Answer: The Bureau of Reclamation has spent over $1,050,000 to determine the feasibility of the Bear River project in northern Utah and southern Idaho. The project would have an estimated generating capacity of 45,400 kilowatts.

By the end of 1961 the Bureau of Reclamation will have spent $191,900 on the Snake Narrows project in Idaho and Wyoming. This project involves approximately 270,000 kilowatts of added generating capacity.

The Bureau has spent close to $1 million on a survey of the Garden Valley division of the Boise project in Idaho which will cost another $1,300,000 to complete. This project involves 360,000 kilowatts of generating capacity.

These are but three projects about which I am aware. I am sure there are more if I had the time to ferret them out.

I appreciated your courtesy to allow me to be heard out of turn by your committee on the Burns Creek bill and, if I can be of further assistance, please let me know.

Sincerely yours,

ROBERT E. GINNA,
Chairman of the Board.

SNAKE RIVER POWER ASSOCIATION, INC.,
Burley, Idaho, March 9, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR MR. ASPINALL: I appreciate the opportunity that you extend to answer questions as asked by Congressman John P. Saylor in regard to our statements before your committee in support of the Burns Creek project.

Question No. 1: You say that by 1970 your members will be needing an added 35,000 kilowatts, which will be equal to the output of Burns Creek. How do you plan to get the power needed for your growth after that date?

Answer: By 1970 the electric loads and the organizational facilities of our members will have grown, with the use of the 35,000 kilowatts, to a size which will make it feasible for us to combine our resources and build a plant or plants to furnish us with power for our growth after that date.

At the present time our loads and resources are too small to allow us to combine in this manner, particularly in view of the fact that we are separated geographically just far enough apart to make interchanges between us by transmission infeasible for the relatively small blocks of power we now use.

We have already made preliminary investigation of other hydrosites we might develop, as well as possibilities of thermal production.

We plan to design our developments in such a manner as to be able to coordinate with the Bureau of Reclamation's plants as they will have at that time, and any others that they may develop in the future.

Question No. 2: You say that to buy pumping power from Utah Power & Light Co. would be beyond the economic limit for your area. Would it be beyond your economic limit if you had to pay the full cost of Burns Creek power?

Answer: Since Congressman Saylor did not specify any figure or any method by which to compute the full cost of Burns Creek power, I can only assume that what he meant was the cost of power if the plant was considered as standing alone, which is of course a completely unrealistic and unfair method of determining costs since no utility, public or private, charges their customers a separate rate for the power from each individual plant but instead integrates the high-cost plants with the lower and comes up with a single rate which will give them adequate revenue to meet all their obligations.

However, to answer the question, on my assumption I would say no; it would not be beyond our economic limit to pay for the full cost for Burns Creek power, because that rate would be 5.27 mills per kilowatt-hour, or only 15 percent more than we now pay, while Utah Power & Light Co. rate is 100 percent more than we now pay (rate of 5.27 mills taken from S. Rept. No. 861, p. 5).

Question No. 3: On page 214 are you saying that only by getting subsidized power can your irrigators function?

Answer: No; we are not saying that. Our irrigators are functioning now with power from the Palisades project, and certainly that is not subsidized, as even the opponents of the Burns Creek project have referred repeatedly to Palisades as a good project. What we are saying here is that the rates from Utah Power & Light Co. are too high for the farmers to develop irrigation by pumping with electric power. We do, however, have a river resource which, when developed for multipurpose use, will deliver power at low enough cost for this pumping irrigation, and it doesn't have to be subsidized to do it.

One reason why such a project as the Burns Creek-Palisades project will deliver this lower-cost power is because the pattern of demand for the pumping power fits the seasonal releases of water for the surface irrigators.

I sincerely hope that I have made myself clear on the answers to the questions raised by Mr. Saylor.

Sincerely yours,

EDWIN C. SCHLENDER,
Secretary, Snake River Power Association, Inc.

QUESTIONS TO BE ASKED OF E. M. NAUGHTON

On pages 361 and 362 you say that you would infer from testimony of witnesses of the Bureau of Reclamation that when all hydro sites are developed in the Northwest that the U.S. Government would construct steam or other generating facilities as might be required for its preference customers. On what do you base this statement?

Mayor Salmon of Burley, Idaho, has implied that there has been a reduction in the amount of steam-generated electricity produced apparently by your company. Is this well founded? Is he correct in making this statement?

Will the construction of Burns Creek Dam take out of production land now used for agriculture and grazing? If so, how much?

UTAH POWER & LIGHT CO.,
Salt Lake City, Utah, March 7, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, House Office Building, Washington, D.C.

DEAR CONGRESSMAN ASPINALL: This is in reply to your letter of March 2, 1960, listing additional questions by Congressman John P. Saylor, in connection with hearings on the Burns Creek project held February 15 through 17, 1960.

The basis for my statement on pages 361 and 362 that I would infer from Bureau of Reclamation testimony that when all hydro sites are developed in the Northwest the U.S. Government would construct steam or other generating facilities as might be required for its preference customers is this: The Bureau's statement through Mr. Bennett as to the Federal Government's claim to a continuing responsibility to supply electric power to a preference customer once that customer has received byproduct power from a Bureau multipurpose project is quite clear. If it is once conceded that the Bureau has utility responsibility, then it would be free to develop power sources to meet the preference customer loads in whatever manner it saw fit. When the region's hydro resources are fully developed then the Bureau, in order to meet claimed utility responsibility, would have to build thermoelectric plants. It was this philosophy of continuing utility responsibility which led to the situation that has developed in the TVA area. TVA, which started out to be a flood control and navigation project with hydropower as an incidental feature is now a major power project with 75 percent of its total capacity from huge steamplants built for the sole purpose of developing power for preference customers in the area.

I do not know what Mayor Salmon of Burley, Idaho, had in mind when he implied that there had been a reduction in the amount of steam-generated electricity produced by Utah Power & Light Co. The facts are that in 1958 we generated 2.300 billion kilowatt-hours of electricity by steam plants and, in 1959, 2.362, an increase of 62 million kilowatt-hours. This increase came about as a result of the general increase in use of electricity in our territory in the States of Idaho, Utah, and Wyoming. However, had the Palisades project not supplied power to customers in our area the amount of steam-generated energy would have been considerably more. In 1959, the city of Idaho Falls, Lost River Electric Association, and Fall Electric Association purchased 95 million kilowatt-hours from the Palisades project which otherwise would have been purchased from Utah Power & Light Co., and generated by steam. In addition, Utah Power & Light Co. purchased 182 million kilowatt-hours of dump Palisades energy in accordance with our contract with the Bureau. Thus the total amount of steam energy generated in 1959 would have been 277 million kilowatt-hours greater had it not been for Palisades, which would have required the equivalent of 120,000 tons of additional coal.

Congressman Saylor also asked if the construction of Burns Creek Dam would take out of production land now used for agriculture and grazing. According to the Bureau of Reclamation figures contained in House Document 147, 85th Congress, 1st session, the Burns Creek project would result in taking out of production 1,400 acres of cultivated land and 2,800 acres of pasture and grazing land, a total reduction of some 4,200 acres. The Bureau has stated that Burns Creek power would be used to pump water to put 65,000 acres of new land northwest of Idaho Falls under cultivation. This acreage is in our service territory and is adjacent to land now being served electricity by our company for ground water pumping. Of the 65,000 acres referred to by the Bureau in 1957, Utah Power & Light Co., has since supplied power to irrigate 17,000 acres. At this rate of development, most of the acreage would be under cultivation by the time the Burns Creek project could be completed. As the economy of the area develops and it is desired to bring more land under cultivation, we have the facilities and are willing and able to supply power for pumps in this area.

Burns Creek stored water, according to Bureau testimony, would supply supplemental water only and would not bring new land under cultivation. There-

fore the only conclusion that can be drawn is that the net loss of cultivated and grazing land would be 4,200 acres.

Cordially,

E. M. NAUGHTON.

WYOMING NATURAL RESOURCE BOARD,
Cheyenne, Wyo., March 8, 1960.

Congressman WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN ASPINALL: May I acknowledge your letter of March 2, 1960, relative to my testimony at the hearings on the Burns Creek legislation.

I note the questions posed for me by Congressman John P. Saylor regarding the statement, and I am attaching my answers to such questions.

I appreciate your courtesy in forwarding these to me and if we can be of any additional assistance to the committee, please feel free to call on us.

Very sincerely yours,

J. A. "BUCK" BUCHANAN,
Executive Director.

Question 1: On page 485 you say that preference customers in Idaho receiving power from Burns Creek project would include communities which are in economic competition with communities in Wyoming. Exactly what is the nature of this competition?

The economic competition which I refer to here is the type of economic competition with which our board is most concerned, that of industrial development. In general various sections of the Rocky Mountain region are in competition, one against the other, since many of the areas have the same general type of natural resources. This is particularly true in adjacent areas such as exist here. Western Wyoming, eastern Idaho, and northern Utah provide similar raw materials for shipments to the same general market centers. This particular competition with eastern Idaho and southwestern Wyoming includes such items as coal and phosphate. The development of such natural resources is of prime interest to us. Only recently we were fortunate enough to obtain for southwestern Wyoming, in the vicinity of the area under discussion, an industrial plant which was also considering a location in the general section of northern Utah. A great many of the economic factors in this particular instance were the same for both areas. Several favorable portions of the economic picture made a location in Wyoming the most desirable. Subsidization in any form was not present in Wyoming.

In the attraction of manufacturing industry, of course, the entire general area is always in competition on a very nearly equal basis regardless of State lines. While the power costs may be relatively small, this is only one additional factor to be considered in industrial location. In any sense, competition of subsidized power would be unfair.

There is a critical situation in this area of southwestern Wyoming under consideration as this area has had a sizable unemployment problem. It would certainly seem unfair to provide economic subsidization to any competing area at the expense of an area which already has been in a critical situation.

The important point to us here is the fact that Kemmerer with a steam-generating plant of this size would supply the power where tremendous natural resources in Wyoming are located. Not only would economic subsidization provided in this bill have a direct detrimental effect but the very fact that the economic subsidization is present would result in a reduction in the amount of development in southwestern Wyoming. This area is rich in trona, coal, phosphate, and many other resources, some of which are only in their initial state of development. The continued rapid development of power will be a decided asset in the increased development of this particular area. May I once again say that it is highly important to the area and to the State to achieve development of the coal resources in this area.

Question: At the same point you speak of unfair competition in power rates apparently between those charged in Wyoming and those charged preference customers receiving power from Burns Creek project. What exactly is the nature of this unfair competition in power rates?

How significant is the unfair competition?

Private power presently selling and to be sold in western Wyoming contains a specified amount covering taxes. The amount, as we understand it, will represent approximately 20 percent of the cost. Private companies borrowing money for installations borrow at 5 percent while on Government loans, public power companies are paying 2½ to 3 percent. As taxpayers pay over 4½ percent this interest subsidy is apparent and is again unfair competition. It would seem to be general in this area that public power costs about 40 percent less per kilowatt-hour which does represent a considerable amount of unfair competition and economic subsidy for this area in Idaho. The significance of the unfair competition is not so much in the subsidized rate in the actual dollar and cents that are to be paid by the general taxpayer, but in the fact that it is a loss of local and State taxes for the area which must be made up by taxpayers as a whole and also in a loss of the potential development in the unsubsidized area. This lack of development in an area that could be developed is the real significance as far as unfair competition is concerned. This is an important link in the development of the coal industry in our State. Not only would coal be used for the power production, but the location of this power could well lead to development of other coal-using industries in the area. Only recently one such plant began building here. We are optimistic for others. Coal is a very important resource in our State and we want to do our best to assist its development. This is an important link in that development.

QUESTION TO BE ASKED OF MR. V. J. PEARSON, BUSINESS MANAGER OF LOCAL UNION 57, IBEW

On page 529 you say you oppose the construction of projects by the Federal Government which have as their virtually exclusive purpose the production of electric energy for distribution to preference customers. Do you favor the present policy of the Federal Government of giving preference to public bodies and cooperatives in the sale of electricity from Federal projects?

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
LOCAL UNION NO. 57,
Salt Lake City, Utah, March 7, 1960.

Congressman WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

DEAR SIR: In answer to your letter of March 2, 1960, enclosing the question asked by Congressman Saylor asking me if I favor the present policy of the Federal Government giving preference to public bodies and cooperatives in the sale of electricity from Federal projects, I am very much opposed to the present policy. I am opposed to the postage stamp rates given to the preference customer.

It is my understanding that the revenue from the sale of power on Federal reclamation projects should pay out that project plus having a surplus to pay for participating projects. This can only be accomplished if a fair rate is put on the power to be sold or if it is sold to the highest bidder at the buss bar.

If the Federal Government is going to continue to produce power for preference customers it will tend to foster more of them. At the present time there is a movement on in the State of Utah for all cities to go to public power so that they will be able to get practically all the power from Glen Canyon and Flaming Gorge under the preference clause. If this is accomplished it will be a death blow to our members, as it is unlawful for public officials, in an opinion given by the attorney general of the State of Utah, to negotiate on wages or working conditions with labor unions.

At the present time, wages and working conditions of electric utility employees employed by public bodies and cooperatives in the State of Utah and adjoining States are deplorably low on the whole. In a few isolated instances where they have been affected by organization, conditions have been improved. However, levels are far below those which exist in private industry.

Yours very truly,

V. G. PEARSON, *Business Manager.*

QUESTIONS TO BE ASKED OF MR. J. L. SALMON, MAYOR, CITY OF BURLEY, IDAHO

1. On page 228, you say that new Burns Creek proposal can also serve to increase flood control and lessen the flood threat on the Snake River, especially at your city of Burley. What is the basis of this statement of yours?
2. Does the Bureau of Reclamation, in determining the benefits from this project, allocate any benefit to flood control?
3. On page 243, you say that it is your understanding that steam generation has been curtailed somewhat in the area of late. On what do you base this statement?
4. Are you alleging the amount of steam generation of the Utah Power & Light Co. has been decreasing?

CITY OF BURLEY,
OFFICE OF MAYOR,
Burley, Idaho, March 8, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR SIR: In answer to the questions of Congressman Saylor, accompanying your letter of March 2, 1960, the following is submitted:

Answer to question 1:

In addition to what I have already stated at the hearing relative to flood control, the following is submitted:

Geographically, Burley is situated downstream from Palisades Dam on the bank of Snake River and the normal height of the river past the city of Burley is within 10 feet of the mean elevation of the business district of the city. In the event floodwaters came past the existing dams on the Snake River above Burley to the extent that it raised the water level 10 feet, the waters would overflow and flood the business district of the city. Consequently, any dam constructed on the Snake River above Burley which would make for additional storage by spring runoff or floodwater would in fact lessen the flood hazard at Burley. It was never my intention to infer that the flood control benefit was reflected in the cost of the Burns Creek Dam.

Answer to question 2:

I submit the following:

To my knowledge the Bureau of Reclamation has not specifically allocated any part of the cost of the Burns Creek Reservoir to flood control; however, I am informed $22,733,000 of the cost of Palisades was allocated to flood control and that the purpose of the reregulating dam is to operate in conjunction with the original Palisades project in regulating the flow of the river and maintaining a stable power supply, and it is my further understanding that if approved, the Burns Creek Reservoir and the Palisades Dam would be considered as one cost unit and therefore any flood-control benefits of either the Palisades or the Burns Creek Reservoir would have a reciprocal effect.

Answer to question 3:

I had been informed that before Palisades Dam was completed Utah Power & Light was selling large blocks of power from the steam plant at Gadsen to Idaho Power. After Palisades started producing, Utah Power & Light, together with Idaho Power, purchased all the secondary or dump power available generated at Palisades from the Bureau of Reclamation. After the Brownlee Dam was completed in Hells Canyon area by Idaho Power Co., Idaho Power Co. then sold hydroelectric energy, both peaking and offpeaking power to the Utah Power. The offpeak power was purchased for less than the cost of steam generation; as a result of these changes, the steam generation has been curtailed in the last year or so.

Answer to question 4:

In view of the explanation in answer to question 3, it is my assertion that in the last year or so the steam generation at the Gadsen plant of Utah Power & Light Co. has decreased; however, it is expected that with the installation of a missile plant in northern Utah, additional electrical energy may be required, which would increase the steam generation of electricity.

I trust that this is satisfactory and clarifies the questions of John P. Saylor, and if any further information is desired I would be glad to give the same as far as the facts are available to me.

Sincerely yours,

J. LEONARD SALMON, *Mayor.*

RAFT RIVER ELECTRIC COOPERATIVE, INC.,
Malta, Idaho, March 8, 1960.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs,
U.S. House of Representatives, Washington, D.C.

DEAR SIR: It is with pleasure I take this opportunity to answer the questions directed to me by your honorable committee member, Congressman John P. Saylor. I will attempt to answer these questions in the order submitted.

1. Question concerning page 605: What do you plan to do when all of the power from Burns Creek project is being sold and there is no more additional Federal power to meet your future power requirements?

Answer: At the time we realized the power supply of the Bureau of Reclamation was all allocated we organized what is known as the Snake River Power Association. This is a transmission and generation cooperative with the legal rights and authority to build generation and transmission facilties to supply the needs of its members. I feel that by the time the Federal power allocations from Burns Creek, if approved, are all being used by the contractors we (the Snake River Power Association), through its membership and power loads, will be large enough to finance and construct some type of thermo or hydro generation for our needs. It requires a fair sized unit to be feasible to operate as you know, and by that time I feel we will be able to handle this type of installation.

2. Question: Are you contemplating asking Congress then to authorize and appropriate funds for additional power projects in the Snake River Valley?

Answer: As an association we are making studies and plans for supplying some type of an installation to supply our needs by that time. However, I must say that if the Bureau of Reclamation should submit a recommendation to Congress to build a feasible reclamation project with generation combined, I would give it my wholehearted support. I feel that this Nation's great resources should be developed to the greatest feasible point possible. If private enterprise cannot develop to the ultimate, then I feel it should be done by the Federal Government.

3. Question: If and when the Federal Government runs out of new hydro sites in the Snake River Valley, is it your belief that the Federal Government should construct steam plants to meet your future load growth?

Answer: I do not feel that the Federal Government should be asked to build steam plants to serve their preference customers normal load growth. I feel that there is a definite place for private and public enterprises.

Question concerning page 606: The Raft River Cooperative is an electric industry, isn't it, etc?

Answer: The Raft River Rural Electric Cooperative is definitely an electric industry. I believe my foregoing testimony in answer to the previous questions will show that we are looking ahead to the future needs of our members and making plans to meet the obligation we have to supply their future power needs.

I hope my answers to the questions submitted will clarify the overall picture.

Yours truly,

EDWIN H. PASKETT,
President, Raft River Rural Electric Cooperative, Inc., Idaho Cooperative Utilities Association.

Mrs. PFOST. And, Mr. Chairman, before we close, I would like to say on behalf of the witnesses from Idaho who have spent the past 3 days here in Washington, we want to express our very deep appreciation to you for the wonderful manner in which you have cooperated. It was most considerate of you to extend the hearings into the afternoon in order that the out of State witnesses could be heard. We realize that it has been difficult and time consuming for you. You have been most cooperative, and our deep appreciation to you.

Mr. ROGERS. Thank you very much. It was nice to have had all of these people.

Let the chairman of the subcommittee make one further observation. We will, of course, need to have subsequent hearings to hear the Department witnesses further on some of these matters; but in the meantime, the Chair would ask unanimous consent that the matters that have been submitted to the Chair and to the staff for inclusion in the record be gone over by the chairman and the ranking minority member and approved or disapproved for inclusion in the record or in the files. Without objection, the members of the staff may make those separations.

(Subsequently, the following communications in favor of the project were approved for inclusion in the record:)

IDAHO STATE AFL–CIO,
February 8, 1960.

Representative WAYNE N. ASPINALL,
Chairman of the House Interior and Insular Affairs Committee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE ASPINALL: I have before me a wire stating that the House Irrigation and Reclamation Subcommittee has scheduled a hearing on the Burns Creek Dam. This hearing is to take place on February 15 and 16.

We are attaching hereto a resolution adopted at the first annual convention of the Idaho State AFL–CIO.

The Idaho State AFL–CIO urges an early authorization of the Burns Creek Dam, as it will mean much to the laboring people of Idaho.

Your kind consideration of the enclosed resolution will be very much appreciated.

Very truly yours,

DARRELL H. DORMAN,
President, Idaho State AFL–CIO.

RESOLUTION No. 12

Whereas labor in Idaho has in the past been favorable toward any project which would mean the development of the State of Idaho; and

Whereas, upon the completion of the Palisades Dam in eastern Idaho, it was found that the water users of the upper Snake River Valley had oversubscribed the storage capacity of Palisades Reservoir; and

Whereas, with the normal developments in eastern Idaho, there is evidence of a need for additional electrical power: Now, therefore, be it

Resolved, That this convention go on record as favoring the building of the Burns Creek Dam as eastern Idaho already is in need of the additional 100,000 acre-feet of water storage this dam will provide and by completion date will need the additional power this dam will make available; and it be further

Resolved, That a copy of this resolution be sent to our Senators and Representatives in Congress and also that we inform the United Mine Workers of our action and the reason for same.

(Signed) GLENN HOOK,
Carpenters, Idaho Falls, Idaho.

IDAHO FALLS, IDAHO, *February 8, 1960.*

Representative HAMER BUDGE,
Washington, D.C.:

Understand a hearing is scheduled February 15–16 on Burns Creek Dam. Carpenters unions of Idaho vitally concerned that this project be started at the earliest opportunity to bolster the economy of Idaho, both from construction standpoint and because eastern Idaho is in need of additional power and water storage.

LLOYD MILLER,
Executive Secretary-Treasurer, Rocky Mountain District Council of Carpenters, Idaho Falls.

IDAHO FALLS, IDAHO, *February 8, 1960.*

HAMER BUDGE,
U.S. Representative,
Representative Office Building, Washington, D.C.:

The Idaho Falls Central Labor Council wishes to go on record as enthusiastically supporting the bill for the Burns Creek project.

Sincerely,

Mrs. FAYE LEWIS, *Secretary.*

FIFTH DISTRICT WILDLIFE FEDERATION,
Conda, Idaho, February 10, 1960.

To: House Irrigation and Reclamation Subcommittee.
Subject: Burns Creek Dam legislation.

This organization would like to go on record as favoring the immediate construction of the Burns Creek Dam with the following provisions:

We would like to recommend that the dam be so constructed that a minimum flow of 1,000 cubic feet per second of water should be maintained below the dam at all times.

At the present time this organization is attempting to have the marsh habitat restored in Grays Lake for the perpetuation of our migratory waterfowl. In order to do this, the water presently being used from this area will have to be exchanged for water from some other source. We would like to request that should the Burns Creek Dam be established, an allocation of water might be exchanged for the Grays Lake water for the development of this marsh area. It should be understood that the receiving of an allocation of water for this purpose would not constitute the establishment of a waterfowl refuge at that time. It is necessary that the water be set aside at this time so that a working agreement can be reached between the Federal and State wildlife agencies and the landowners at a later date.

It should also be noted that the foregoing statement has been sanctioned by Heber Smith, president, Idaho Wildlife Federation.

DOYAL STILES,
Chairman, Fifth District, Idaho Wildlife Federation.

SALMON RIVER CANAL CO., LTD.,
Hollister, Idaho, February 8, 1960.

Hon. HAMER BUDGE,
Congressman from Idaho,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN BUDGE: This is to advise you that the board of directors of the Salmon River Canal Co., Hollister, Idaho, at its regular meeting on February 2, 1960, passed a resolution endorsing the proposed legislation (S. 281), for authorization of the Burns Creek project in Idaho. The lands served by the Salmon River Canal Co. are desperately short of supplemental water and it has pending an application for a share of the irrigation storage water which will be made available for this project if constructed.

Also, we have been informed that there is a movement by fish and wildlife interests to have allocated some 55,000 acre-feet of the available irrigation

storage for the conservation and wildlife in the proposed Grays Lake refuge. The board of directors also went on record as opposing any effort by the fish and wildlife interests to this end either by legislation or otherwise.

We respectfully request that a copy of this letter be made of record at the hearings to be held on S. 281 commencing on February 16, 1960, before the House Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs.

Very truly yours,

LYLE H. SCHNITKER.

JACKSON, WYO., *February 10, 1960.*

Hon. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee, Interior and Insular Affairs Committee, House of Representatives, Washington, D.C.:

Your Honor, due to our great need in the near future for additional power our interest in water conservation and flood control and the economic need for full completion of Palisades I urge your committee to take favorable action on the building of Burns Creek Dam.

Mayor HARRY CLISSOLD.
Jackson, Wyo.

JACKSON, WYO., *February 10, 1960.*

Hon. WALTER ROGERS,
Chairman, Irrigation and Reclamation Subcommittee, Interior and Insular Affairs Committee, House of Representatives, Washington, D.C.:

Our understanding is that on February 15–16 your committee will give consideration to proposed Burns Creek Dam in Idaho. This dam is integral part of Palisades Dam which has been in operation for 1 year. Burns Creek Dam would complete this Palisades project. Jackson Hole Chamber of Commerce of, Jackson, Wyo., desires to go on record urging your committee to take favorable action.

WALTER W. KING, *Secretary.*

BURLEY, IDAHO, *February 12, 1960.*

Hon. WALTER ROGERS,
Chairman, Subcommittee on Irrigation and Reclamation, House of Representatives, Washington, D.C.

DEAR MR. ROGERS: We highly endorse the proposed House bill No. 1235 for the construction and operation by the Bureau of Reclamation of Burns Creek.

Our economy and future development of our entire county depends upon irrigation both by surface and deep well pumping. We definitely feel that Burns Creek project will help to provide extra storage water and electric power much needed at low cost.

Vote for House bill No. 1235 to help stabilize and provide for future sound economical development.

Yours truly,

R. J. HARPER,
JOHN CLARK,
J. WELDON BECK,
Cassia County Commissioners.

RUPERT, IDAHO, *February 12, 1960.*

Representative WALTER ROGERS,
Irrigation and Reclamation,
New House Building, Washington, D.C.:

The Minidoka Co-op Supply, Inc., realizing that its business is directly dependent upon the income of the farmers of the area wishes to urge favorable consideration of the proposed Burns Creek project.

SHERMAN ANDERSON.

SALT LAKE CITY, UTAH, *February 21, 1960.*

Hon. GRACIE PFOST,
Old House Office Building,
Washington, D.C.:

The Idaho Cattlemen's Association, the Eastern Idaho Grazing Association, and the Citizens Grazing Association strongly endorse the Burns Creek bill, with the Grays Lake amendment attached.

GROVER C. HOGAN.

BOISE, IDAHO, *February 21, 1960.*

Hon. GRACIE PFOST,
Member of Congress,
Old House Office Building, Washington, D.C.:

Grays Lake settlers and the permanent Grays Lake committee, and those we represented at the Burns Creek hearings are most ardent supporters of the Burns Creek poject with the proposed Grays Lake amendment inserted.

J. C. SMITH and EVAN KACKLEY.

THE STATE OF WYOMING,
HOUSE OF REPRESENTATIVES,
THIRTY-FIFTH STATE LEGISLATURE,
February 10, 1960.

WALTER ROGERS,
Chairman, Irrigation and Reclamation Committee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE ROGERS: I am writing this letter to you requesting that your committee give favorable attention to the Burns Creek Dam bill that is to come before your committee for hearing on the 16th of this month.

The area that I represent lies adjacent to the Idaho border and we are only about 50 miles from the site of Burns Creek. We are vitally interested in the project since we are out of power in this area. We are interested in obtaining power not only for domestic uses but also in an attempt to have something to offer to small industry that may be desirous of locating in this area.

I respectfully request that this letter be entered into the record and also that your committee permit the Burns Creek Dam bill to receive the attention of the House for its action.

Thanking you for your attention to this request, I remain,
Sincerely yours,

TED C. FROME.

STATEMENT FOR UPPER SNAKE RIVER DEVELOPMENT HEARING

IDAHO FALLS, IDAHO, *February 13, 1960.*

The following submission is respectfully submitted for your consideration.

WEST SIDE ELECTRIC IRRIGATION COOPERATIVE, INC.,
By I. DONALD JERMAN, *Licensed Consulting Engineer.*

Officers:
Lowell Moore, president.
A. A. Merrill, vice president.
I. Donald Jerman, secretary, engineer manager.

Board of directors:

Lowell Moore	A. W. Brunt
A. A. Merrill	Cornell Solberg
Parley Rigby	Ray Burn
Herman Belson	Paul Holm

This report is being submitted to you by the West Side Electric Irrigation Cooperative, Inc., in response to the formal notice of a public hearing to be held February 15 and 16, 1960. The hearing will be before the House Reclamation Committee.

Prease releases indicate that the water users in the areas that are to be served by the construction of Burns Creek Dam and Reservoir are gravely concerned about the continued delay in the proposed construction of the dam. Among

other matters, this cooperative is vitally concerned about control of streams to produce hydroelectric power for expanded irrigation, including urban and new industrial needs. We (West Side Electric Irrigation Cooperative, Inc.) further desire and hope to be able to secure power at a rate that will enable us to pump water from wells drilled at various depths varying from a few feet to 600 feet. To be able to do this, it will open up vast areas of idle land and place it into use and increase the tax values of the area.

Our organization has been active and soon thereafter corporated, since September 23, 1954. The original discussions centered around the securing of electric power, cheaper rates, and very definitely to better the conditions relative to hidden charges, generally referred to as demand charges. The early discussions were in terms of a power supply required for ultimately some 100,000 or more acres of land located in areas adjacent to or near Blackfoot, Aberdeen, Shelley, Idaho Falls, Robert, Mud Lake, Arco, Rigby, Rexburg, St. Anthony, and Ashton areas. Considering the area of land between Terreton and Shelley, preliminary surveys indicate that there are approximately 65,000 acres out of a gross area of over 110,000 acres that are irrigable and capable of being intensively developed under irrigation by pumping from ground-water supplies. Indications are that the pump lifts will range from 220 to 400 feet, including some very fertile areas where the lift will be near 550 feet or more, making it obvious that the long-range success and the extent of the development will hinge on being able to obtain longtime commitments on pumping power at the lowest possible cost, and considerably lower than it is now generally believed to be available in the areas. Especially do we expect this, knowing the prices that some of the private power companies are buying electric energy for, from Government-constructed power projects.

This organization has previously negotiated for a block of seasonal electric power (19,000 kilowatts) from the Palisades Dam project and would be able to qualify as a preference customer if standby power could be secured from some competent source. A small source of firm power is also required for domestic use in the areas and a formal request was made for this required power from the proposed Burns Creek development at an early date, and it is assumed that the amount referred will be available if and when Burns Creek Dam and relater structures are completed.

The Burns Creek Dam is primarily a reregulating structure to be used in conjunction wih the Palisades Dam. It is generally understood that electric-power demands vary considerably during each day. The most variable times of the day exist at morning, noon, and evening hours, when the electric demand is greater than the hours directly between these peak periods. To produce extra power to care for these peakloads requires relatively extra water to flow through the turbines to produce an extra power. This extra power (thus requiring extra water discharge from the reservoir) is excessive enough that the flow in the river below the Palisades Dam would be erratic enough to vary its discharge to the extent that the irrigators could not tolerate such varying discharges to affect their irrigation streams. Thus, a reregulating reservoir is necessary if the Palisades Dam power is going to be used to its maximum. In order to pay dam construction charges as contemplated, it is necessary to use all the possible power development that the fluctuating power demand requires.

To build Palisades Dam and powerplant without using the maximum power that could be developed would appear to be sheer folly and not what was intended when the repayment contracts were under discussion and finally written.

Considering the vast irrigable areas adjacent to and near the Palisades and Burns Creek Dams (see attached location map), where underground water development is being allowed to continue in a dormant-use status for lack of cheaper electric energy, it is a deterrent to the proper handling or development of our local economy. Much could be said regarding the merits of the underground water supply in these areas. The fact that the supply of water is available in abundance, being encountered by drilled wells, each of which intercepts many flowing channels of moving underground water on its way to the ocean, lost to the economy of the area and the Nation. Bear in mind that this water supply is not made available from regular water tables or from possible perched water table sources.

Much of the firm and seasonal electric energy developed at the two dams can be absorbed in the adjacent areas to the Palisades and Burns Creek Dams because seasonal energy is required to pump water for irrigation purposes, when

the nonpumping irrigators are watering their crops. To dispose of this seasonal power in large demands, and in relatively close areas, creates a cheap and orderly disposal source for much of the electric power that can be developed from the two projects.

It therefore appears that favorable action toward the pending bill is justified from many economic reasons and growth development that is self-evident.

Much related information is on file and available to persons interested.

The following reports are referred to herein for future and further study; their contents are factual and should be studied separately from the body of this report if future progress warrants such action.

A portion of a report dated January 1956, by Lynn S. Ludlow, irrigation specialist, Electric Operations and Loan Division, REA, Washington, D.C., was made in a representative area within a proposed area which was considered for a first development stage of construction. This report gives pertinent facts relative to the area as designated verifying the feasibility of the anticipated development of the West Side Electric Irrigation Cooperative, Inc.

OFFICE OF IRRIGATION SPECIALIST,
ELECTRIC OPERATIONS AND LOANS DIVISION,
RURAL ELECTRIFICATION ADMINISTRATION,
January 1956.

PUMP IRRIGATION CONCLUSIONS AND RECOMMENDATIONS, WESTSIDE ELECTRIC IRRIGATION COOPERATIVE, INC., IDAHO FALLS, IDAHO

Based upon an analysis of data available, the following conclusions and recommendations are made concerning the potential pump irrigation load considered for service by the Westside Electric Irrigation Cooperative, Inc., Idaho Falls, Idaho. These conclusions and recommendations do not purport to establish the economic feasibility of extending electric service to the irrigation loads included in the survey nor do they intend to imply that funds are or will be earmarked by the Rural Electrification Administration for services to such loads. It does provide data on the factors essential to sound irrigation development and to the advisability of providing loan funds to be used by this borrower in extending electric service to these installations.

CONCLUSIONS

Location and description

The area considered in this report is located in Bonneville and Jefferson Counties of southeastern Idaho. It lies west of Idaho Falls and extends from the community at New Sweden, north to the community of Roberts, Idaho. It is considered a part of the Snake River Plain and is in the upland area above the valley of the Snake River. Its general topography is described as undulating to gently rolling. The potential irrigation acreages are bounded and limited by extinct lava flows which have spread out over the plains. Outcroppings of this basalt or lava flow are scattered throughout the area.

Climate

The climate is semiarid, in which the seasonal and daily temperature changes are extreme. The summer day temperatures are moderated due to the high altitude of the area and the evenings are cool. The mean annual summer temperature is 65.5° F, and that of the winter is 22.0° F. The temperatures are ideal for livestock raising and dairying and, where water is available, for productive and profitable irrigation farming. The date of the average last killing frost in the spring is May 17, and the earliest in the fall is September 21. The area has an average frost-free period of 126 days. Occasionally, unseasonal killing frosts occur earlier in the fall in the area being considered.

The mean annual precipitation in the area is 11.02 inches, of which less than half falls from April to September. This low rainfall plus the high rate of evaporation of the area requires irrigation to meet the moisture requirements of most agricultural crops.

Soils

The soils of the area are known as Portneuf silt loam. These soils have a moderate permeability rate with a high water holding capacity which is favorable for irrigation. They are of medium fertility. They are very easily worked under irrigation and are considered as excellent and very productive irrigated

cropland for such crops as alfalfa, potatoes, sugar beets, small grains, peas, pastures, etc. These soils are low in organic matter and will require good management practices to achieve and maintain maximum high yields.

Due to the rolling condition of the land, most of the irrigation water will be distributed by sprinkler irrigation systems. It is estimated by Soil Conservation personnel assigned to the area, that 67,000 acres of land in Bonneville County and 25,000 acres of land in Jefferson County could be productively irrigated if water was available. These acreages of land are presently being dry-land farmed.

Crops

The results of the dry-land wheat farming due to climatic conditions have not been too successful. Crop failures often occur because of moisture shortages. With irrigation, it could develop as a highly productive area. Crops grown would be typical of those already produced under irrigation in the adjacent areas which are primarily alfalfa, potatoes, sugar beets, and small grains. The soils, due to their light texture are considered most favorable for producing excellent quality potatoes. The adjoining irrigation areas have already been established as one of the most productive and profitable irrigation areas in southern Idaho.

Ground water

It has been established that there is available large quantities of ground water in the area under consideration. It is a part of the ground waters of the Snake River plains which has been and is being utilized for a source of water for large acreages of irrigation development. The U.S. Bureau of Reclamation is financing irrigation development in areas where similar ground water aquifers are being utilized as a source of water. This development is southwest of the area under consideration for development by the borrower. The major differences between the two areas is the greater depth of pumping which will be required in the proposed borrower's area. Lifts in this area will range from 250 to 350 feet compared to lifts under 200 feet in other areas being developed. How extensive development could be is not known at this time. Information available from those most familiar with the ground water conditions indicate that the available ground water supply is capable of supporting considerable irrigation development. Those same people did indicate concern as to whether ground water sources in the borrower's area were within economical pumping lifts to justify extensive land development.

Development

To secure water from the existing ground water acquifers it will require that wells be drilled to depths of 375 to 400 feet. Present costs of drilling wells average approximately $15 per foot. Pumping lifts will range from 250 to 350 feet. Due to terrain and soils, distribution of irrigation waters will be through sprinkler irrigation system. Under existing prices, average development costs per acre is estimated at $120. This does not include cost of well or land. Average total investment for typical installation would approximate $40,000.

Maximum costs of water for irrigation in the Idaho Falls area through gravity systems are approximately $7 to $8 per acre-foot. Average costs are from $3 to $5 per acre-foot. Under most favorable conditions in the proposed area and using sprinkler systems, cost of irrigation water with 1 cent kilowatt-hour electricity would average approximately $12 per acre-foot.

Water requirements would be approximately 6 to 8 gallons per minute per acre for sprinkler irrigation. Based on discharges of wells already obtained in the area, 300 to 400 acres of land could be developed under each well. Such development would require an average of 1 horsepower for each 1½ acres of land irrigated.

Irrigation season will range from approximately May 10 through September 30. Irrigation applications for crops grown in the area would be as follows:

Potatoes	6 to 8 applications of 3 inches each.
Grain	3 applications of 3 inches each.
Alfalfa	5 to 6 applications of 3 inches each.
Peas	3 applications of 3 inches each.

With typical cropping patterns and complete diversification of farming, plus the large available acreage that can be developed under each well, it is estimated that pumps could be utilized for approximately 2,500 hours per season.

Power requirements

The following information was supplied by proposed borrower, listing the landowners who have made definite indications of development and when development will occur. This is based on horsepower requirements.

RECONNAISSANCE FEASIBILITY REPORT, DECEMBER 7, 1957

1. Proposal

It is proposed that a number of farmers be organized to secure financing required for development of sprinkler irrigated land in the Snake River Valley. This report is made to study the economic feasibility of such development.

2. Location

The land being studied comprises parts of townships 2, 3, and 4 north in ranges 35, 36, and 37 east of the Boise meridian. It may be loosely described as lying west of the Snake River between Idaho Falls and Roberts, Idaho.

The area is served by U.S. Highways 91 and 26 as well as numerous State and county roads. It is also served by the Union Pacific Railroad.

There are several processing plants in the area for both potatoes and sugar beets.

3. Description

Most of the land is presently being dry-farmed. It lies on gently rolling slopes varying from 0 to 5 percent.

The area lies at elevations between 4,780 to 4,920 feet with the majority being at about 4,880 feet.

The soils are wind lain silt loam of excellent texture. They are easily handled under irrigation and are excellent cropland for all the crops grown in this area.

The climate is a semiarid one with a range of temperatures which has proven to be very favorable to the production and storage of high quality potatoes. A 34-year record at Idaho Falls shows average temperature of 20.4° for January and 69.0° for July. The maximum was 104° and the minimum was —37°. Killing frosts averaged from May 15 to September 19 with a frost-free growing season of 127 days.

The crops grown would be alfalfa, small grains, peas, sugar beets and potatoes. The area is famous for its high quality potatoes. The high specific gravity of the potatoes makes them especially desirable for chipping and frying.

4. Water supply

The ground water supply has been proven to be very reliable. It is fed from the area lying west and north of the Snake River plain. No surface water from this area reaches the Snake River.

Geological Survey Papers Nos. 774 and 775 published in 1936 cover this ground water table in detail. The ground water table compiled at that time is still extremely accurate. There has been no perceptible drawdown from all of the pumping that has been done in the area.

The U.S. Bureau of Reclamation which has done considerable investigative work on the ground water supply is confident of its reliability. They are financing the development of a considerable acreage of pump land in the Rupert area.

5. Pump lifts

The water table in the area lies at elevations of 4,500 to 4,550 feet. Therefore pump lifts from 250 to 420 feet may be expected.

6. Development costs

In order to arrive at a conservative (above average) development cost the cost of a 320-acre sprinkler system was computed for lifts of 280, 360, and 440 feet.

First class systems were figured throughout using 10 laterals supplying 2,000 gallons per minute to the land. The specifications would include: Wells, 100 feet below water surface; 12-inch pump column; 12-gage steel main lines; 0.75 foot per 100 feet maximum friction loss in main; 0.050 lateral lines; center outlets and 30-foot offsets with lateral lines.

The costs would be as follows:

Lift	Well	Pump	Main	Laterals	Total	Per acre
280	6,460	17,430	11,800	15,500	51,190	$160.00
360	7,820	20,460	11,800	15,500	55,580	173.68
440	9,180	24,000	11,800	15,500	60,480	189.00

The above figures are computed on list prices. In the quantities that are under consideration substantial price reductions could be expected. It is almost certain that you could expect reductions of 10, 10, 10, and 25 percent on the respective items. This would reduce the per acre costs to $136.70, $149.05, and $162.83 respectively.

7. Annual costs

(*a*) *Power.*—A report on the operation of a 48-horsepower pumping unit using natural gas as a fuel shows that the operation cost including service charges and reserve for overhaul is 0.597 cent per horsepower per hour.

Over a 90-day, 2,160-hour pumping season this would amount to $12.89 per horsepower.

While it is quite likely that larger plants would be even cheaper than this a figure of $14 per horsepower per season is being used in this report.

(*b*) *Depreciation.*—A "straight line" figure of 5 percent was used for depreciation.

(*c*) *Maintenance.*—As service charges and overhaul are included in the power costs a figure of 1 percent was used for maintenance.

The annual costs would be:

Lift	Power	Depreciation	Maintenance	Total	Per acre
280	3,500	2,559.50	511.90	6,571.40	20.53
360	4,200	2,779.00	535.80	7,534.80	23.55
440	4,900	3,024.00	604.80	8,528.80	26.65

8. Annual returns

In estimating the annual return the landlords share methods of computation was used. All estimates were made on the conservative side.

(*a*) *Lease.*—A lease calling for the landlord to receive one-third of the potatoes, one-third of the grain, and one-half of the hay was used.

(*b*) *Rotation.*—The following rotation suggested by the Soil Conservation Service was used:

	Acres
New seeding and grain	45.7
Hay	45.7
Hay	45.7
Potatoes	45.7
Potatoes	45.7
Sweet clover and grain	45.7
Potatoes	45.7

(*c*) *Yields.*—Conservative yield estimates were used: Hay, 4 tons per acre; grain, 40 bushels per acre; potatoes, No. 1, 125 hundredweight per acre. No account was made for pasture or for No. 2 potatoes.

(*d*) *Prices.*—The following conservative prices were used: Hay, $10 per ton; grain, $1.75 per bushel; potatoes, $1.50 per hundredweight.

Crop	Acres	Yield	Value	Landlords share
Hay—ton	91.4	366	$3,660	$1,830.00
Grain—bushel	91.4	3,656	6,398	2,132.67
Potatoes—hundredweight	137.2	17,150	25,725	8,575.00
Total				12,537.67
Share per acre				39.18

9. Loan evaluation

The land evaluation was arrived at by capitalizing the net return at 5 percent. The loan value was taken at one-half of that amount.

Lift	Net return	Land value	Loan value
280	18.65	$373.00	$186.50
360	15.63	312.60	156.30
440	12.53	250.60	125.30

10. Feasibility

These computations indicate that loans covering the entire amount of the installation would be sound to a lift of 350 feet. From that point to 440 feet loans of $125/acre would be sound.

Mr. PASKETT. Mr. Chairman, I, on behalf of the organizations here, would like to thank you for the consideration we have had, and for the time you have spent with us the last 3 days, and also to your committee.

Mr. ROGERS. Thank you, Mr. Paskett. I am sorry that there were many witnesses on this project that it appeared for a while would not be heard; but I am glad everyone did have a chance to be heard. As long as I am chairman, they will be heard.

There being nothing further, the subcommittee will adjourn, subject to the call of the Chair.

(Whereupon, at 5:05 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.)

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